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SAN FRANCISCO PORT COMMISSION

Ann Lazarus, President
Kimberly Brandon, Vice President
Michael Hardeman, Commissioner
Wilfred Hsu, Commissioner

Monique Moyer, Executive Director
Phone: 415-274-0400; Fax: 415-274-0412

Amy Quesada, Commission Secretary
Phone: 415-274-0406; Fax: 415-274-0412

AGENDA
SPECIAL MEETING
2:00 P.M. TUESDAY, SEPTEMBER 12, 2006
PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

/06
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The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.

DOCUMENTS DEPT.
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1. **CALL TO ORDER / ROLL CALL**

2. **APPROVAL OF MINUTES** - August 8, 2006

3. **EXECUTIVE**

   A. Executive Director's Report

   - One Big Man & One Big Truck Moving Company - Awarded the 2006 Best Entrepreneur Award from the San Francisco Renaissance Entrepreneurship Center
   - Planning Committee for Seawall Lot 337 (San Francisco Giants Parking Lot A) located at and adjacent to the intersection of Terry Francois Blvd. and Third Street
   - Collapse of Mooring Pier at Pier 96
   - Partial closure of Pier 43
   - Pilot Meter Project Update
   - The Waterfront Transit Authority Presents Lunch for the Office Bunch aboard the Golden Gate Sausalito Ferry starting on September 8, 2006 and Lunch for the Office Bunch aboard the Alameda-Oakland Ferry on September 22, 2006
   - Rincon Park Restaurants Ground Breaking Ceremony – September 8, 2006
   - Family Safety Day – September 10, 2006
   - California Coastal Clean Up Day – September 16, 2006
   - 2006 South Beach/Mission Bay Block Party - September 17, 2006
   - Fireman's Fund Donation equipment for the Fireboat – September 19, 2006
   - San Francisco Heart Walk – September 22, 2006

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- Race for the Cure – September 24, 2006
- Commendation to Mirian Saez, Former Deputy Director of Real Estate

4. PLANNING & DEVELOPMENT

A. Informational Presentation and Public Hearing on Wharf J-10 Historic Preservation Alternatives.

B. Informational presentation on the status of James R. Herman Cruise Terminal at Piers 30-32.

C. Informational presentation regarding design and construction status of Rincon Park Restaurants project. **(VERBAL REPORT)**

D. Request authorization to award a Professional Services Contract to Literacy for Environmental Justice for Education and Public Participation Programs at Heron's Head Park in an Amount Not to Exceed $340,000. (Resolution No. 06-63)

5. MARITIME

A. Informational Presentation on Salt River Construction Corp.'s Lease Proposal at Pier 96.

6. NEW BUSINESS / AGENDA SETTING

- New Business

- Agenda Setting (Targeted Commission meeting, subject to change)

  - Quarterly Status Report on Illinois Street Intermodal Bridge (September 26, 2006)
  - Request authorization to execute a Contract Modification to the Illinois Street Intermodal Bridge Contract No. 2680 with Shimmick Construction Company, Inc. (September 26, 2006).
  - Request approval of CEQA Findings for the Wharf J-10 Demolition and Improvements Final Environmental Impact Report (September 26, 2006)
  - Request authorization to advertise for bids for the Wharf J-10 Demolition Project (September 26, 2006)
  - Informational presentation regarding the Memorandum of Understanding with the Entertainment Commission concerning entertainment permits on Port property (September 26, 2006)
  - Informational presentation regarding the financial proposal for the Development Plan for the Piers 27-31 Mixed-Use Recreation Project and request extension of Amended ENA term (September 26, 2006)
  - Informational presentation regarding ferry rates at the Port of San Francisco (September 26, 2006)

- Request approval of lease for Salt River Construction Corp. at Pier 96 (September 26, 2006)
- Informational Presentation by BART on Earthquake Safety Project at Ferry Plaza/Platform (September 26, 2006)
- Request for approval of Amendment No. 4 to the agreement between the Port of San Francisco and the City and County of San Francisco, through its Municipal Transportation Agency, for posting advertisements on the Municipal Transportation Agency's advertising kiosks, including kiosks on Port property between Folsom and Townsend Streets (September 26, 2006)
- Consideration of policy governing content of general advertising on Port Property within or associated with transit shelters (September 26, 2006)
- Informational presentation regarding casual landing/excursion berthing rates at the Port of San Francisco (October 10, 2006)
- Informational presentation regarding the City's bid for the 2016 Summer Olympics (October 10, 2006)
- Informational presentation regarding the feasibility of shoreside power installation at the Cruise Terminal (October 10, 2006)
- Informational presentation regarding Broker Fees Policy at the Port of San Francisco (October 10, 2006)
- Request approval of Memorandum of Understanding with the Entertainment Commission regarding entertainment permits on Port property (October 10, 2006)
- Informational presentation regarding tenant improvement credits and tenant allowances (October 24, 006)
- Informational presentation regarding Deteriorated Piers and Aprons scheduled for closure and/or demolition (October 24, 2006)
- Request authorization to award Contract for As-Needed Construction Support Services (October 24, 2006)
- Request authorization to award the South Approach for the Illinois Street Bridge Project (October 24, 2006)
- Request approval of Revised Development Memorandum for Piers 27-31 Mixed-Use Recreation Project (October 24, 2006)
- Consideration of Policy on Port Commission Attendance and Miscellaneous Updates to the Port Commission By Laws (Date to be determined)
- Request approval of a Memorandum of Understanding with the City's Recreation and Park Department for use of space at Hyde Street (Date to be determined)
- Request approval of a lease amendment with Pacific Marine Dining Yachts at Pier 9 (Date to be determined)

7. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

8. COMMUNICATIONS

- From Stephanie Cincotta, F. Alioto Fish Company, regarding Wharf J-10
- From Tim Colen, Housing Action Coalition, regarding the proposed development at 8 Washington Street
- From Senator Don Perata, President Pro Tem, regarding campaign to address California's infrastructure crisis
- From Port staff, copy of a letter from a Golden Gateway Resident, regarding the proposed development at 8 Washington Street
- From Port staff, copy of an article from the San Francisco Business Times entitled, "S.F. Port Eyes Giant Site for Better Use"
- From Port staff, copy of an article from the San Francisco Business Times entitled, "Local Rival Leads in Waterfront Recreation Fight"
- From Port staff, copy of an article from the Sacramento Bee entitled, "San Francisco Feeling Some Pier Pressure"
- From Port staff, copy of a letter from Vedica Puri, Telegraph Hill Dwellers, regarding Alcatraz Ferry Move to Piers 31½ and 33
- From Port staff, copy of a letter from an anonymous person, regarding the proposed lease with Firewood Café at 360 Jefferson Street
- From Port staff, copy of a letter to Supervisor Aaron Peskin, President of the Board of Supervisors regarding Wharf J-10
- From Port staff, copy of an article from the San Francisco Chronicle entitled, "Seattle Port Terminal Evacuated"
- From Irene and Alfred Glassgold, regarding the proposed development at 8 Washington Street
- From Ryan Clark, Genstar Capital, regarding Golden Gateway Tennis & Swim Club
- From Port staff, copy of a letter from Stan Roman of Krieg, Keller, Sloan, Reilley & Roman LLP, regarding Golden Gateway Tennis and Swim Club
- From Port staff, copy of a letter from Ray & Cathie Hehman, regarding the proposed development at 8 Washington Street
- From Port staff, copy of a letter from Catherine & Philip Fiorello, regarding the proposed development at 8 Washington Street
- From Port staff, copy of a letter from David Trachtenberg, regarding the Golden Gateway Tennis and Swim Club
- From Port staff, copy of a letter from Nancy Spivey, regarding the proposed development at 8 Washington Street
- From Port staff, copy of a letter from Tom Radulovich of Livable City and Andy Thornley of San Francisco Bicycle Coalition, regarding the proposed development at 8 Washington Street
- From Port staff, copy of a letter from James Eggert, CPA, regarding proposed development at 8 Washington Street
- From Port staff, copy of a letter from Chrissy Holland, regarding proposed development at 8 Washington Street

- From Port staff, copy of a letter from Joe Locke, regarding proposed development at 8 Washington Street
- From Port staff, regarding As-Needed Professional Services Contracts – 4th Quarter Report for Fiscal Year 2005/06
- From Port staff, regarding Fiscal Year 2005/06 Budget Actuals – Preliminary Results
- From Port staff, copy of a letter from John Lee, regarding proposed development at 8 Washington Street
- From Port staff, copy of a letter from William Benkavitch regarding proposed development at 8 Washington Street
- From Port staff, copy of a letter from Esther M. De Frutos regarding proposed development at 8 Washington Street
- From Port staff, copy of a letter from Aleem Choudhry, regarding proposed development at 8 Washington Street
- From Port staff, copy of a letter from Will Travis, Executive Director, BCDC, regarding Alcatraz Ferry Service at Piers 31-33
- From City Attorney Dennis J. Herrera, regarding Political Activity by City Officers and Employees
- From Port staff, copy of a letter from Kevin Castner, regarding proposed development at 8 Washington Street
- From Port staff, copy of an article from the *San Francisco Business Times*, entitled "DeBartolo Back with Deal for Piers"
- From Port staff, copy of a letter from Christa Gemehl, regarding proposed development at 8 Washington Street
- From Port staff, copy of a letter from Toby Levine (Central Waterfront Advisory Group Chair) to Will Travis of BCDC, regarding proposed BCDC Waterfront and Bay Recreation Plan

9. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER.

a. Discuss existing litigation matter pursuant to Section (a) of California Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d) (1 case):

- Platte River Insurance Company v City and County of San Francisco, Superior Court No. CGC 05-446355.

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.

This session is closed to any non-City/Port representative.*

a. Property: Piers 27-31
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
SF Piers LLC: Tom Hart and Rocky Fried

Under Negotiation: _____ Price _____Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Piers 27-31.

(3) Discussion of Executive Director's Performance Evaluation for Fiscal Year 2005-06 pursuant to Section 67.10(b) of the Administrative Code and Section 54957(b) of the California Government Code.

10. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

11. ADJOURNMENT

SEPTEMBER/OCTOBER 2006
CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
September 26	**3:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**
October 10	**3:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**
October 24	**3:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**

NOTES:
The San Francisco Port Commission meets regularly on the 2nd and 4th Tuesday of the month at 3:00 p.m., unless otherwise noticed. ***The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com.*** Contact Amy Quesada at 274-0406.

The Cruise Terminal Environmental Advisory Committee generally meets the third week of each month. Date and time to be determined. Contact Michael Nerney at 274-0416.

The Environmental Quality Advisory Committee (EQAC) meets regularly on the fourth Thursday of the month at 9:00 a.m. at Scoma's Restaurant, Pier 47 @ Fisherman's Wharf. Contact Jay Ach @ 274-0562.

The Fisherman's Wharf Waterfront Advisory Group meets regularly on the 3rd Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Kirk Bennett @ 274-0545.

The Maritime Commerce Advisory Committee (MCAC) meets on a bi-monthly basis, on the third Thursday of the month, from 11:30 a.m. to 1:30 p.m. @ Pier 1. Contact Jill Rodby @ 274-0519.

The Mission Bay CAC meets regularly on the 2nd Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Tom Evans, Redevelopment Agency, at 749-2539 or tom.evans@sfgov.org for more information.

The Northeast Waterfront Advisory Group meets regularly on the 1st Wednesday of the month at 4:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Kirk Bennett @ 274-0545.

The Central Waterfront Advisory Group meets monthly on an as-needed basis generally on the 3rd Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or via email @ Mark_Paez@sfport.com.

The Rincon Point-South Beach CAC meets regularly on the 3rd Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Tom Evans, Redevelopment Agency, at 749-2539 or tom.evans@sfgov.org for more information.

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david_beauprc@sfport.com.

The Waterfront Design Advisory Committee meets jointly with BCDC's Design Review Board on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. or the Committee meets as needed on the 3rd Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625.

The Port Permit Appeals Committee meets regularly on the first Thursday of June and December of the year. For further information contact Ed Byrne at 274-0570 or Dan Hodapp at 274-0625.

ACCESSIBLE MEETING INFORMATION

Ferry Building: The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets.
C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington St., Folsom St. & Drumm St.

Pier 1:
The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:
In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals. A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact John Scott, Port's ADA Coordinator, at 274-0571. The Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance. Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at http://www.sfgov.org/sunshine/

Lobbyist Registration and Reporting Requirements. Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

PORT OF SAN FRANCISCO

MEMORANDUM

September 6, 2006

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Wilfred Hsu

FROM: Monique Moyer
Executive Director MMoyer

SUBJECT: No Action Required – Informational Presentation and Public Hearing on Wharf J-10 Historic Preservation Alternatives

DIRECTOR'S RECOMMENDATION: INFORMATIONAL ONLY - NO ACTION REQUIRED

Background

The Wharf J-10 facility is located in Fisherman's Wharf, on the north side of Fish Alley, between Leavenworth Street and the access road to the Hyde Street Fishing Boat Harbor. In August 2000, the substructure of this pile-supported fish processing facility was determined to be severely deteriorated and unsafe for occupancy. The Port vacated the two tenant businesses from the premises and proposed the demolition to abate the safety hazard which this condition created for the general public, businesses and mariners in the area of the facility.

Wharf J-10 is an historic resource, and the Port was required to complete an Environmental Impact Report (EIR) to study the environmental impacts of the proposed demolition, as well as evaluate historic preservation alternatives to avoid permanent loss of the building. On August 8, 2006, Port staff provided a detailed presentation (and supporting staff report dated August 2, 2006) on the proposed Wharf J-10 demolition, and associated EIR process, which is incorporated by reference. On August 15, 2006, the San Francisco Board of Supervisors approved the Wharf J-10 Final EIR. As part of the deliberations, the Port committed to holding a public hearing, separate from any requirements under the California Environmental Quality Act (CEQA), to give the public an additional opportunity to comment on the historic preservation alternatives. This public hearing will occur at the September 12, 2006 Port Commission meeting.

This report reviews the different alternatives studied, and the comparative cash flow analysis produced, pursuant to the Port's commitment as reflected in a letter to the Board of Supervisors, dated August 15, 2006 (see ***Attachment A***).

This Print Covers Calendar Item No. 4A

Overview of Analysis

Among the comments received during the J-10 Final EIR appeal process, were requests for more detailed financial analysis of the three historic preservation alternatives studied in that document. The analysis presented in that EIR for those alternatives provided construction cost estimates only, in response to public comments on the Draft EIR. Subsequently, the Port was asked to incorporate additional information in the financial analysis to address two issues:

1) Inclusion of revenues that could be derived from tenant leasing of the historically rehabilitated facility to produce an analysis of net costs; and

2) A more detailed breakdown to distinguish between the costs to implement historic rehabilitation of the existing Wharf J-10 shed, versus costs of standard new construction of fishing industry space at the Wharf J-10 site.

The September 12, 2006 Port Commission public hearing has been scheduled to present information on a net cash flow and comparative analysis to address these issues, and to provide the public the opportunity to comment on that analysis. Table 1, attached, presents estimated construction costs and net cash flow information for four Study Scenarios, described below. To address Item 1 above, the analysis presented in Table 1 assumes the three historic preservation approaches presented in EIR Alternatives B, B-1 and B-2, which are summarized below under "Study Scenarios". For each Study Scenario presented in Table 1, Port staff has supplemented the construction cost information with estimates of operating costs and revenue that could be generated from new leasing of the historically rehabilitated Wharf J-10 facility.

To address Item 2 above, the Port has prepared a construction cost and net cash flow analysis for new fishing industry facilities at Wharf J-10, as presented in the Final EIR Project Description, Phase 4, summarized below under "Study Scenarios". The construction cost estimate and cash flow analysis for new fish processing facilities in this Study Scenario can be compared with the historic preservation Study Scenarios. The net costs of the preservation Study Scenarios are greater than those for the new fishing facilities. That cost differential is a reflection of the premium associated with the special measures that would be required for historic preservation. The cost estimates for the historic preservation Study Scenarios are based on an independent analysis prepared by Moffat & Nichol Engineers in April 2006, which is included in ***Attachment B***. The new construction cost estimates developed for the Phase 4 Study Scenario were prepared by the Port's Engineering Division, based on unit cost estimates derived from waterfront construction projects in San Francisco, which also is included in ***Attachment B***; these cost estimates were also used in the development of the Port's 10-Year Capital Plan, approved by the City in April 2006.

Study Scenarios

As indicated previously, the Study Scenarios included in the cash flow analysis presented in Table 1 are concepts described and analyzed in the Wharf J-10 Final EIR. The three historic preservation Study Scenarios were defined as EIR Alternatives. The Study Scenario consisting of newly constructed fishing industry uses was defined as Phase 4 of the EIR Project Description, which assumes construction of the fish processing replacement facility proposed by

F. Alioto Fish Company for its leasehold. ***Attachment C*** contains the relevant Wharf J-10 Final EIR excerpts, which are summarized below.

EIR Alternative B, Structural Bracing Above Building: This concept would require temporary piles to be driven into the bay floor to support a steel "cage" that would encase, and be attached to, the Wharf J-10 building, shifting the building load off of the wharf deck to the steel cage. The building would be suspended from the cage, enabling the wharf deck and substructure to be demolished and replaced. The shed structure would have to be penetrated at specific points to attach it to the cage, which would result in some loss of historic fabric. In addition, to construct the new wharf, the roof of the shed would probably have to be removed to enable a pile driver to install the new piles for the substructure and deck. Once the new wharf substructure and deck were constructed, the shed building could be detached from the cage and once more supported by the wharf. New utility connections from Fish Alley would be installed. Repairs to the shed structure to close the holes in the building required to secure the building would be carried out consistent with the Fish Alley Architectural Character Design Guidelines.

As reflected in Table 1, the estimated cost for this and the other two historic preservation Study Scenarios would be high, due to the construction requirements of the temporary bracing system described. Because the Wharf J-10 substructure is in such a fragile state, any effort to preserve the existing shed building that sits atop the deck must involve this type of engineering intervention, to provide an alternative support system to hold the building in place while the piles, deck and substructure are replaced. It should be noted that, while these types of engineering approaches are available and effective, it is possible that the construction of temporary bracing could itself trigger partial or full collapse of the substructure and associated damage to any part of the shed building that is not secured.

EIR Alternative B-1, Structural Bracing Beneath the Building: This concept is similar to Alternative B above, requiring a temporary pile-supported bracing system to be installed, but which secures the shed building to a support system built close to the building base rather than from the steel overhead cage support system. Like Alternative B, this concept would require penetrations through the building wall and roof to stabilize the building, before rebuilding the wharf/substructure, respectively. Like Alternative B, new utility connections from the street would be included, as well as structural repairs to the shed, consistent with the Fish Alley Design Guidelines.

EIR Alternative B-2, Temporary Dismantling of Existing Building: This concept also requires installation of a pile-supported steel stabilization system for the shed structure, mounted at the base of the building, but would be carried out in phases rather than having to create a larger bracing system for the entire building. The bracing for this alternative would be carried out modularly, starting at the west end of the building, for 60 foot long segments at a time. Once the bracing for the first 60-foot segment was completed, the corresponding 60 foot long portion of the building would be dismantled, the pieces numbered, and stored temporarily off-site. The Segment 1 wharf deck and substructure would then be replaced, creating a strong working surface that would be used to support the dismantling of building Segment 2. The temporary pile-support system would be taken out and shifted eastward to Segment 2, to support the dismantling of building Segment 2, which would be temporarily stored on the reconstructed deck created in Segment 1. The Segment 2 substructure would then be reconstructed, followed by reassembly of the Segment 2 shed building. This phased process would continue until the

last segment of the substructure and shed building at the east end of the Wharf J-10 site was reconstructed. Thereafter, the Segment 1 building could be retrieved from its off-site storage and reassembled on the Segment 1 substructure.

EIR Project Description, Phase 4: New Construction of Wharf J-10: New construction of fishing industry facilities occupying the entirety of the Wharf J-10 site is the scenario presented in the Wharf J-10 Final EIR as Phase 4 of the Project Description. Phase 4 consists of several components, developed in working sessions with the Fisherman's Wharf community, summarized below and shown in a site plan in ***Attachment D***. These improvements assume that the F. Alioto Fish Company rebuilds its facility within its leasehold, per their proposed plans as analyzed in the Wharf J-10 Final EIR. The Phase 4 improvements consist of a combination of the following:

- Public fish receiving wharf at east end of Wharf J-10 – an approximately 1,800 sq. ft. fish receiving wharf open to general use by fishing boat operators, adjacent to the existing fish hoist at the terminus of Leavenworth Street. The wharf would require pile-supported construction.

- Public fish receiving wharf at the west end of Wharf J-10 – an approximately 1,800 sq. ft. fish receiving wharf, adjacent to the Hyde Street Fishing Harbor, for use by fishing boat operators to transfer their catch from their boats to shore. Construction of this pile-supported wharf is assumed to allow possible future construction of an enclosed fishing receiving building on top of the deck.

- New fishing industry building – approximately 7,000 sq. ft. of fishing industry space in a new pile-supported enclosed structure, adjacent to the east side of the F. Alioto Fish Company leasehold. The site for this improvement includes California Shellfish Company's current leasehold; thus, the new structure in this scenario or any other improvement is dependent on successful negotiations and agreement with California Shellfish Company.

- Floating boat repair dock – a system of floats and ramps for use by fishing boat operators to provide space for minor boat repairs and maintenance. Two options were defined and analyzed in Phase 4: along the bayside of the new fishing industry building described in D above; and at the foot of Leavenworth Street, near the fish receiving wharf described in A above.

Cash Flow Analysis (Table 1)

Table 1 presents a conceptual net cash flow analysis of the Study Scenarios described above. In addition, Table 1 includes the proposed Wharf J-10 demolition scenario for comparative purposes. The discussion presented below is provided to explain each of the columns presented in Table 1:

Total Estimated Sq. Ft.: Total building or facility square footage assumed in the analysis, based on the description and floor areas described in the Wharf J-10 Final EIR.

Estimated Construction Costs: Represents 2006 costs as prepared by Moffatt & Nichol Engineers, and Port Engineering staff, as shown in ***Attachment B***.

Annual Debt Service: This analysis is provided for illustrative purposes only, presenting the amount due annually on a 30-year tax-exempt bond. Port staff has not investigated whether a tax-exempt bond would be allowable by the Internal Revenue Service and State Franchise Tax Board. The net construction costs are assumed to far exceed the financing capabilities of fishing industry businesses, based on current and historical financial information for fishing industry businesses at the Port. However, for the purpose of developing annualized cost estimates associated with the Study Scenarios, this financing mechanism was assumed as it is the most cost effective.

Annual Port Operating Costs: Includes costs for utilities and maintenance assumptions which Port staff estimate at $0.98 per square foot.

Total Annual Costs: Total of estimated debt service and operating costs.

Estimated Annual Tenant Lease Revenues: The lease rate assumed is $0.63/square foot/month, which is a blended rate of the F. Alioto Fish Company's ($0.68 sq./ft./mo) and California Shellfish's ($0.58 sq./ft./mo.) current shed rates.

Net Annual Port Revenues: For all rebuild Study Scenarios, the total annual costs (assuming municipal bond financing of the construction costs) exceed total revenues to the Port, resulting in a net financial loss of between $890,000 and $1.22 million per year, depending on the respective Study Scenario.

Port Capital Plan Issues

These cost coverage requirements raise critical questions for the Port Commission. In April 2006, the City approved the Port's 10-Year Capital Plan, which projects a $1.2 billion need to achieve basic repairs and maintenance of the Port, of which about $415 million in programmed funding was identified from a variety of sources: Port tenants, the Port's operating budget, Port revenue bonds, development projects, and Infrastructure Financing District bonds. Of the remaining $810 million in unfunded projects, the Port Capital Plan indicates that up to an additional 70% of that need could be generated through other potential funding options, but that such assumptions are very speculative.

The costs associated with the Wharf J-10 historic preservation scenarios, or the full rebuild of new fishing industry improvements outlined in Phase 4 above, were not included in the 10-Year Capital Plan. To prioritize funding for Wharf J-10 would require placing this project before other competing and critical maritime projects and historic preservation commitments. For example, the 10-Year Capital Plan recommends $85.9 million in revenue bond proceeds to fund substructure and shed repairs for Piers 9 and 19, which are located in the Embarcadero National Register Historic District; and Pier 50 and Pier 80, which improvements would support the Port Maintenance Department and cargo terminal, respectively. Another $17.5 million is targeted in Infrastructure Financing District tax revenues for basic repairs to infrastructure and key historic resources at Pier 70, which has been determined to be potentially eligible as a National Register historic district. Among the unfunded project demands are other critical facilities such as the

Pier 35 cruise terminal, another contributing resource in the Embarcadero Historic District, which is estimated to require $37.6 million in repairs and maintenance.

The September 12, 2006 public hearing on the Wharf J-10 Study Scenarios will provide an important public comment opportunity to evaluate the merit of those options as part of the larger context of the financial and capital challenges that face the Port.

Prepared by: Diane Oshima, Assistant Deputy Director
Planning & Development

TABLE 1: Wharf J-10 Revenue/Cost Analysis, September 2006

Study Scenarios	Total Estimated Sq Ft	Estimated Construction Costs	(a) Annual Debt Svc*	(b) Annual Port Operating Costs**	A ((a
Proposed Demolition	24,400	$1,500,000	NA	NA	
EIR Alternative B	24,400	16,800,000	$1,359,904	$23,912	$
EIR Alternative B-1	24,400	16,100,000	1,303,243	23,912	
EIR Alternative B-2	24,400	17,100,000	1,384,192	23,912	
Rebuild New Fish Processing Facilities	27,912	13,269,148	1,074,121	27,354	

* Assumes 5.5% interest rate on a 30-yr., tax-exempt bond.
** Based on per square foot annual operating cost for Pier 45 of approximately $0.98 per sq ft assuming due to new condition of re-built facility & reduced electricity cost associated with P 45 ice machine. Assu is in the annual cost calculation.
*** First (4) scenarios assume rents at $0.63 monthly per sq ft which is a blended rate of the F. Alioto Fis & Cal Shells' ($0.58 sq ft mo) current shed rates.

TABLE 1: Wharf J-10 Revenue/Cost Analysis, September 2006

Study Scenarios	Total Estimated Sq Ft	Estimated Construction Costs	(a) Annual Debt Svc*	(b) Annual Port Operating Costs**	(c) Total Annual Costs (a) + (b)	(d) Estimated Annual Tenant Lease Revs***	Net Annual Port Revenues (d) - (c)
Proposed Demolition	24,400	$1,500,000	NA	NA	NA	NA	NA
EIR Alternative B	24,400	16,800,000	$1,359,904	$23,912	$1,383,816	$184,464	($1,199,352)
EIR Alternative B-1	24,400	16,100,000	1,303,243	23,912	1,327,155	184,464	(1,142,691)
EIR Alternative B-2	24,400	17,100,000	1,384,192	23,912	1,408,104	184,464	(1,223,640)
Rebuild New Fish Processing Facilities	27,912	13,269,148	1,074,121	27,354	1,101,475	211,015	(890,460)

* Assumes 5.5% interest rate on a 30-yr., tax-exempt bond.

** Based on per square foot annual operating cost for Pier 45 of approximately $0.98 per sq ft assuming half the level of regular maintenance for first five years due to new condition of re-built facility & reduced electricity cost associated with P 45 ice machine. Assumes no depreciation since the annual debt payment is in the annual cost calculation.

*** First (4) scenarios assume rents at $0.63 monthly per sq ft which is a blended rate of the F. Alioto Fish Company's ($0.68 sq ft mo) & Cal Shells' ($0.58 sq ft mo) current shed rates.

ATTACHMENT A

MONIQUE MOYER'S LETTER
TO
BOARD OF SUPERVISORS

DATED AUGUST 15, 2006

PORT OF SAN FRANCISCO

August 15, 2006

Supervisor Aaron Peskin, President
San Francisco Board of Supervisors
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Subject: Appeal Hearing, Wharf J-10 Final Environmental Impact Report (FEIR)
File No. 060966, 060967, 060968, 060969

Dear Supervisor Peskin:

This letter responds to issues raised during public comment at the August 1, 2006 hearing on the appeal of the Wharf J-10 Final Environmental Impact Report (FEIR), including historic preservation and soil testing, and to the Board of Supervisors' request to Port staff to research the feasibility of conducting additional soil testing prior to demolition of the Wharf J-10 building.

Historic Resources

To provide for better informed decision-making by the Port Commission and a more transparent public process for considering the preservation alternatives described in the FEIR, the Port will take the following steps:

Cash Flow Analysis of Historic Preservation Alternatives
Port staff will update construction cost estimates (including escalation to current prices) for each option analyzed under the FEIR, including the proposed demolition, and FEIR Alternatives B, B-1 and B-2. Port staff will conduct a comparative net cash flow analysis for each option analyzed under the FEIR factoring in net operating income that the Port can reasonably expect under each alternative. This information will be incorporated in a public report which will be the subject of a public hearing by the Port Commission prior to Port Commission action on the proposed Wharf J-10 project.

Consideration of Historic District Nomination
Port staff will coordinate with the historic preservation community to evaluate and determine whether to nominate the companion buildings (to Wharf J-10) in the 2900 block of Jones Street (also known as Al Scoma Way) as an historic district for listing on the California Register for Historic Places. If the Port Commission approves the demolition of Wharf J-10, and the Port and the community determine that the Jones Street buildings may be eligible for listing as an historic district, the Port (subject to Port Commission approval) will nominate these buildings to the California Register. Under this scenario, the Port will prepare the nomination report and work

PORT OF SAN FRANCISCO
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with the California State Office of Historic Preservation, which would determine whether such an historic district meets the California Register requirements.

Soil Characterization

At the August 1, 2006 hearing on the appeal of the Wharf J-10 FEIR, the Board of Supervisors asked Port staff to research the feasibility of conducting additional soil testing prior to demolition of the Wharf J-10 building. Appellants provided the names of three consultants at the hearing capable of performing the testing. Port staff conducted outreach to each of the three consultants and none are able to perform the proposed testing of soils that will be disturbed by the proposed demolition prior to demolition of the Wharf J-10 building. Appellants have since provided proposals from two additional consultants who have proposed to review existing conditions and documents, evaluate the feasibility of obtaining soil samples beneath the building, and develop scopes of work for additional testing if feasible.

Soil sampling to characterize subsurface conditions we believe are representative of conditions under the building has been performed and is reported in the Wharf J-10 FEIR. Soil has been sampled from one location directly beneath the building (before Wharf J-10 was condemned) and ten other locations, at a variety of depths, within ten feet of the building. The available data, including measured concentrations of petroleum hydrocarbons and metals, establish a well-supported basis for the Port to develop contract requirements, and for the contractor to develop and implement environmental and health and safety protection plans prior to project implementation. The hazardous materials mitigation measures presented in the Wharf J-10 Final EIR are conservative, in that they were developed assuming the presence of contaminants throughout the subsurface, and the presence of contaminants has also been considered by the Port in developing project specifications for the proposed demolition.

FEIR Mitigation Measure IS-17 requires development of a health and safety plan based on site-specific hazards. FEIR Mitigation Measure IS-18 requires sampling of excavated soil for waste classification prior to disposal. The Port's project specifications require incorporation of health and safety protection measures and monitoring, and soil handling procedures based on the assumption that petroleum and metals may be present in subsurface soil. These mitigation measures ensure that any soil disturbed as part of the project is managed to prevent creation of hazards to worker or public health and safety or the environment, and that soil is properly characterized and disposed. No further sampling is needed to mitigate impacts associated with hazardous materials that may be present in soils at the site as a result of the project activities.

Soil Sampling

While not necessary to meet the requirements of CEQA, the Port will test the soil that would be excavated during the course of the proposed demolition *prior to excavation* (rather than after) to address concerns regarding the potential presence of contaminants, should the Port Commission approve the demolition of Wharf J-10. Such testing would occur *after* the superstructure of Wharf J-10 is demolished. Samples will be analyzed for petroleum hydrocarbons and other

hazardous waste constituents. Data from this sampling will be made available to the public and provided to a qualified independent consultant with expertise in soil and hazardous waste management, risk assessment and industrial hygiene to evaluate the data and confirm that the Port's proposed pollution prevention and health and safety measures are appropriate. The Port will incorporate the resulting recommendations into its project requirements.

Conclusion

The Port has proposed these additional steps to be responsive to concerns raised regarding the proposed demolition. However, the Port does not believe that any of the above steps will produce new information that would alter the Board's determination on the adequacy of the Wharf J-10 FEIR.

Thus, I respectfully request that the Board of Supervisors uphold the certification of the Wharf J-10 FEIR on August 15, 2006, and incorporate findings describing the Port's commitments above into the resolution certifying the FEIR. Thank you for your time and consideration.

Sincerely,

Monique Moyer

Monique Moyer
Executive Director

cc: Gloria Young, Clerk of the Board of Supervisors
Honorable Port Commissioners
Paul Maltzer, Department of City Planning
David Cincotta, JMBM
Angela Cincotta, Alioto-Lazio
Vedica Puri, Telegraph Hill Dwellers

ATTACHMENT B

MOFFATT & NICHOL COST ESTIMATE

MOFFATT & NICHOL
2001 North Main St, Ste 360, Walnut Creek, CA 94596
Ph: 925-944-5411 ; Fax: 925-944-4732

MEMORANDUM

To: Ed Byrne

From: Moffatt & Nichol

Date: April 3, 2006

Subj: Wharf J-10 – Evaluation of Structure for EIR Document

M&N File No: 5276-12

M&N was retained to complete the Tasks listed below. This memorandum provides the results of our investigation. The cost estimates include allowances for seismic retrofit and minor hazardous material clean up such as any additional lead paint or asbestos not previously removed.

1. Review condition reports and observe condition of Wharf J-10 building and supporting pier.
2. Review Alternative B (from EIR document) and assess the engineering requirements of this alternative. Consider variations of Alternative B.
3. Prepare concept diagram of Task 2 and prepare conceptual cost estimates for alternatives discussed.
4. Review and estimate cost to dismantle and reconstruct a preservation alternative.

Wharf J-10 Background

Wharf J-10 was built in 1919. The wharf is 370 feet long by 43 feet wide. Timber pile bents are spaced at 10 feet on center along the wharf. The bents support longitudinal stringers that in turn support timber planks on which concrete slab was cast. The building is supported by the substructure at the slab level by the timber pile cap on the water side and a strip footing on the Fish Alley side.

The building is approximately 340 feet long, with a width of 50 feet except at the west end where is widens to 80 feet. The height is approximately 20 feet throughout. The building is of timber construction with stucco as well as ship lap exterior. It straddles the wharf such that the waterside edge of the building is set 10 feet back from the edge of the wharf and the street side edge of the building is approximately 20 feet behind a seawall (Figures 1 and 2).

Task 1. Wharf J-10 Condition

The condition of Wharf J-10 was assessed by reviewing two previously prepared condition reports[1, 2], observing the condition during a site visit on March 2, 2006 and from reviews of records of observations made of the structure by Moffatt & Nichol on July 23, 2001.

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[1] Condition Survey Report on Fisherman's Wharves J-9 and J-10 substructures, prepared for the Port of San Francisco, by Structus, Inc., October 17, 2000.

The condition of Wharf J-10 is generally poor. Fish handling and storage operations over the years have resulted in severe deterioration. Portions of the substructure are badly deteriorated due to age and dampness. In the northwest corner, the wharf has partially collapsed. The piles are wrapped and not easily accessible for inspection. However, based on the age, they are likely in fair to poor condition. At several locations, pile caps and stringers have deteriorated due to dry rot and some have failed to the point where they can no longer take load. In 2001, a consultant working for the Port evaluated the condition of Wharf J-10 and rated the substructure capable of supporting 50 to 60 psf live load.

The condition of the building is fair to poor. The building was occupied by fish handlers until 2001 when the North West corner partially collapsed due to deterioration of the substructure. In the interest of safety, the Port red tagged the building and it has not been occupied since. Since 2001, there has been a fire in the building resulting in limited damage to the building at the east end, and further collapse of the northwest portion of the substructure. Currently, temporary bracing supports the west end of the building preventing further collapse in that local area. The entire building is secured with a solid plywood barricade along Fish Alley, and safety piling and netting on the water side.

Tasks 2 and 3: Review of Wharf J-10 EIR Alternative B

Alternatives Description

The intent of Alternative B is to preserve and rehabilitate the historic Wharf J-10 building and construct a new wharf substructure. Port engineering staff proposed Alternative B as a concept to lift the building off the wharf deck so that a new concrete substructure can be constructed while the building is suspended above the deck. Our analysis evaluated Alternative B and a variation of that alternative (Alternative B-1), which also could achieve the same objective.

There are inherent risks in this type of construction for both Alternatives B and B-1:

1. The building, or portions of it, are so deteriorated that the superstructure will not survive the lifting process. Considerable bracing will be required and this requirement will need to be determined in part during the work by the Contractor. This is very specialized construction.
2. There may be a substantial safety concern during the preparation work inside the building when placing the lifting frame.
3. The substructure may simply collapse during pile driving in areas of Wharf J-10 not yet replaced, and thus result in further damage or possible demolition of associated portions of the superstructure.
4. Interior walls and mezzanines will need to be removed. These were not part of the original construction of the J-10 building, and would hamper the repair construction and create a worker safety problem.

Alternative B – Top Lift Frame

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[2] Fishery Wharf J-10 Facility Emergency Engineering Study, Revised Draft, prepared for the Port of San Francisco by Structus, Inc., October or November 2000.

This alternative assumes the entire substructure is rebuilt in one stage (refer to Figures 3 and 4). Temporary steel piles are driven outboard of the existing wharf. A steel frame would then be placed over the building with the outboard columns resting on a beam spanning between the steel piles and the street side columns supported on cribbing in Fish Alley. Internal walls and mezzanine would be marked and removed. The roofing would be removed to create an opening through which pile driving for the new substructure can occur without damage to the building. The remaining building frame would be strengthened. The building would then be lifted slightly to unload the substructure. Flatjacks or other heavy lifting devices placed between the transverse beams and the lift frame provide the lift. Slings are used to transmit the lift to the roof trusses and building. At this point the existing timber substructure except for the existing retaining wall would be demolished. New piles would be hoisted over the building lift frame and driven through the areas where the roofing was removed to the Bay floor, to support construction of the new substructure and deck. The vertical stem of the new cast-in-place retaining wall is constructed. The rip-rap would be dressed. New pile caps and deck slab are then constructed. With the substructure constructed, preparations for supporting the building on the new concrete deck would be completed (new sill plates, ends of studs, etc. as required due to deterioration of the existing wood framing). The building would then be lowered onto the new slab and the lift frame disassembled and removed. At the conclusion of the substructure work, the interior walls, roof and building exterior would either be reconstructed or refurbished.

The approximate cost of this alternative is $16,800,000 (Table 1).

Advantages and disadvantages of the Top Lift Frame irrespective of cost are as follows:

Advantages

- By lifting the building in place from the roof trusses, temporary demolition to the building's exterior is minimized.
- The interior of the building is relatively clear of obstructions (after removal of walls, freezers and mezzanines].

Disadvantages and Risks

- The top lift frame will need to be heavy to provide needed stability. A large amount of temporary structural steel will be brought onto the site and assembled.
- New substructure piles will need to be lifted over the lift frame requiring a large barge crane.
- The size of a floating rig that can work at J-10 may be limited by the opening to the wharf area (Photo 1).
- This may affect the ability to install the piles. Building preparation work would be significant as all the wall loads would be supported off the roof truss support columns instead of bearing on wall footings.

Alternative B-1 – Bottom Lift Frame

This alternative is similar to Alternative B in that the substructure is rebuilt in one stage. In this alternative, the lift frame is at waist level (refer to Figures 5 and 6) rather than overhead, as proposed in Alternative B. Internal walls, freezers and mezzanines would be marked and

removed. Temporary steel piles are driven outboard of the existing wharf. Steel girders are then positioned through construction openings in the walls of the building. The outboard end of the girders will rest on a beam spanning between the steel piles and the land side end on cribbing in Fish Alley. Beams supported by the lift girders will straddle and connect to the building columns. The roofing would be removed and the remaining building frame strengthened. The building would then be lifted slightly to unload the substructure. Flatjacks or other heavy lifting devices placed at the corners of the lift girders provide the lift. As for Alternative B, new piles would be driven through the roof opening to the building to support construction of the new substructure and deck. The vertical stem of a cast-in-place retaining wall is constructed. The rip-rap would be dressed. New pile caps and deck slab are then constructed. With the substructure and retaining wall constructed, the building would be set back down and the lift frame disassembled and moved off site. At the conclusion of the substructure work the interior walls, roof and building exterior would either be reconstructed or refurbished.

The approximate cost of this alternative is $16,100,000 (Table 2). This cost is slightly less than the overhead lift frame alternative because smaller equipment may be used as the new wharf piles do not have to be lifted as high.

Advantages and disadvantages of the Bottom Lift Frame irrespective of cost are as follows:

Advantages

- The size requirement of the barge crane is reduced.
- New substructure pile installation is less costly when compared to Alternative B because the substructure piles will not have to be lifted as high and the crane barge may be smaller than Alternative B.

Disadvantages

- Building may have to be substantially strengthened to improve stability and transfer the building dead loads to the columns.
- The clearances in the substructure work area are reduced.
- Temporary openings in the building walls are needed for the lift girders.

Task 4 Review of Alternative B-2 – Dismantle and Reconstruct

On the advice of a member of the San Francisco Landmarks Preservation Advisory Board, the Port contacted Howard Kelly, a contractor specializing in relocating historic structures, who developed another possible approach, described below, and which we have evaluated.

Dismantle and Relocation Concept: - Similar to Alternative B-1, construct a steel bracing system to support the Wharf J-10 building, to isolate the building from the deck, and enable demolition of the old and construction of the new substructure. However, rather than keeping the superstructure in place, Mr., Kelly proposed dismantling the building in segments and relocating them off-site while the new substructure is constructed. The J-10 building would be divided into approximately 60 foot wide modules that would be carried out in the following sequence of steps:

1. Driving piles in the water north of J-10

2. Piles would support horizontal steel beams that would be installed through the building and supported on the landside/Fish Alley; these would function as temporary floor beams, which would be aligned with and support the vertical walls and overhead truss structures in the J-10 shed. The bracing would look similar to the configuration of the bracing now present at the western end of J-10, and would include vertical steel beams to provide support for the northern walls of the J-10 shed.

3. This bracing system could be constructed for a 60 foot wide (which extends for four, 15-foot wide bays) segment of the building, and be used as a modular approach to the substructure repairs for the entire building in the following way:

4. After constructing the first 60 foot wide bracing system (Phase 1), working from the western end, temporary flooring would be created to enable workers to dismantle the first four bays of J-10 building. The building pieces would be labeled and taken to an off-site storage area.

5. Next, remove the steel bracing from the Phase 1 segment and move it eastward to support the next 60 foot wide Phase 2 segment.

6. With the Phase 1 building segment out of the way, workers could then demolish the Phase 1 substructure and rebuild the new substructure.

7. Then, disassemble the Phase 2 segment of building structure in sections as large as possible and move to store it on the newly constructed Phase 1 substructure platform.

8. Construct the new Phase 2 substructure; once the Phase 2 substructure is completed, repeat the process for the Phase 3 building segment. After the final segment of substructure is completed at the east end of J-10, reconstruct the east end building segment on the newly completed substructure. Continue this process to complete rebuild of the building

9. Finally, the Phase 1 segment of the building would then be brought back from the off-site storage site and reassembled over the new Phase 1 substructure segment.

Dismantling the building will require careful and specialized techniques. The intent of this process will be to reuse the existing framing and finishes of the building to maintain its historical character. However, there will be elements of the building that cannot be reused because they will not survive the dismantling process due to their poor condition. For example, it may be necessary to replace the entire roof and possibly the shiplap siding. The mudsills and corner partitions of the studs might also have significantly deteriorated and require repair or replacement.

Advantages and disadvantages of Alternative B-2 are as follows:

Advantages

- The size requirement of the barge crane is reduced.
- New substructure pile installation is less costly when compared to Alternative B because the substructure piles will not have to be lifted as high and the crane barge may be smaller than Alternative B.

Disadvantages

- Building disassembly may result in less "original" building content upon reconstruction – especially for the exterior than with Alternative B.
- The marking, plans development and disassembly may be time consuming and a relatively large percentage of the total project cost.
- There is potential for more building damage due to disassembly.

Construction Cost Estimates

The construction cost estimates are a conceptual level estimate and are provided for budget cost use. Construction cost estimates for Alternatives B, B-1 and B-2 are shown on Tables 1, 2 and 3 respectively and are summarized below. It should be noted that actual construction cost could easily change due to unforeseen conditions encountered during the work.

Construction Cost Summary

Alternatives	Budgetary Cost
B: Top Lift Frame	$16,800,000
B-1: Bottom Lift Frame	$16,100,000
B-2: Dismantle & Reconstruct	$17,100,000

Table 1
Alternative B Cost Estimate
Building Left In-Place, Top Lift Frame

Bid Item	Item Description	Unit	Quantity	Item Cost	Unit Price
10	Mobilization	LS	1	$744,794	$744,794
20	Furnishing Building Support Assembly	LS	1	$718,288	$718,288
30	Site work	LS	1	$152,939	$152,939
40	Install Building Support Assembly	EA	6	$848,641	$141,440
50	Lift Building Section	EA	6	$2,913,508	$485,585
60	Demolish Existing Substructure	SF	23,175	$2,928,979	$126
70	Construct Concrete Retaining Wall	LF	360	$610,846	$1,697
80	Construct New Pier	SF	23,175	$4,388,220	$189
90	Install New Utilities	LS	1	$401,258	$401,258
100	Set Building Section	EA	6	$2,532,208	$422,035
110	Seismic Retrofit	SF	19,400	$485,000	$25
120	Hazmat Removal	LS	1	$50,000	$50,000
	Total			$16,774,681	
	Budgetary Total			**$16,800,000**	

Table 2
Alternative B-1 Cost Estimate
Building Left In-Place, Bottom Lift Frame

Bid Item	Item Description	Unit	Quantity	Item Cost	Unit Price
10	Mobilization	LS	1	$715,621	$715,621
20	Furnishing Building Support Assembly	LS	1	$634,152	$634,152
30	Site work	LS	1	$70,714	$70,714
40	Install Building Support Assembly	EA	6	$739,019	$123,170
50	Lift Building Section	EA	6	$2,658,860	$443,143
60	Demolish Existing Substructure	SF	23,175	$2,928,979	$126
70	Construct Concrete Retaining Wall	LF	360	$610,846	$1,697
80	Construct New Pier	SF	23,175	$4,388,220	$189
90	Install New Utilities	LS	1	$277,921	$277,921
100	Set Building Section	EA	6	$2,532,208	$422,035
110	Seismic Retrofit	SF	19,400	$485,000	$25
120	Hazmat Removal	LS	1	$50,000	$50,000
	Total			$16,091,540	
	Budgetary Total			**$16,100,000**	

Table 3
Alternative B-2 Cost Estimate
Dismantle and Reconstruct Building

Bid Item	Item Description	Unit	Quantity	Item Cost	Unit Price
10	Mobilization	LS	1	$770,613	$770,613
20	Furnishing Building Support Assembly	LS	1	$403,511	$403,511
30	Site work	LS	1	$152,939	$152,939
40	Install Building Support Assembly	EA	6	$848,641	$141,440
50	Remove Building Section	EA	6	$3,990,294	$665,049
60	Demolish Existing Substructure	SF	23,175	$2,063,880	$89
70	Construct Concrete Retaining Wall	LF	360	$610,846	$1,697
80	Construct New Pier	SF	23,175	$3,779,959	$163
90	Install New Utilities	LS	1	$401,258	$401,258
100	Reconstruct Building Section	EA	6	$3,496,865	$582,811
110	Seismic Retrofit	SF	19,400	$485,000	$25
120	Hazmat Removal	LS	1	$50,000	$50,000
	Total			$17,053,806	
	Budgetary Total			**$17,100,000**	

PHOTOGRAPH

AND

DRAWINGS

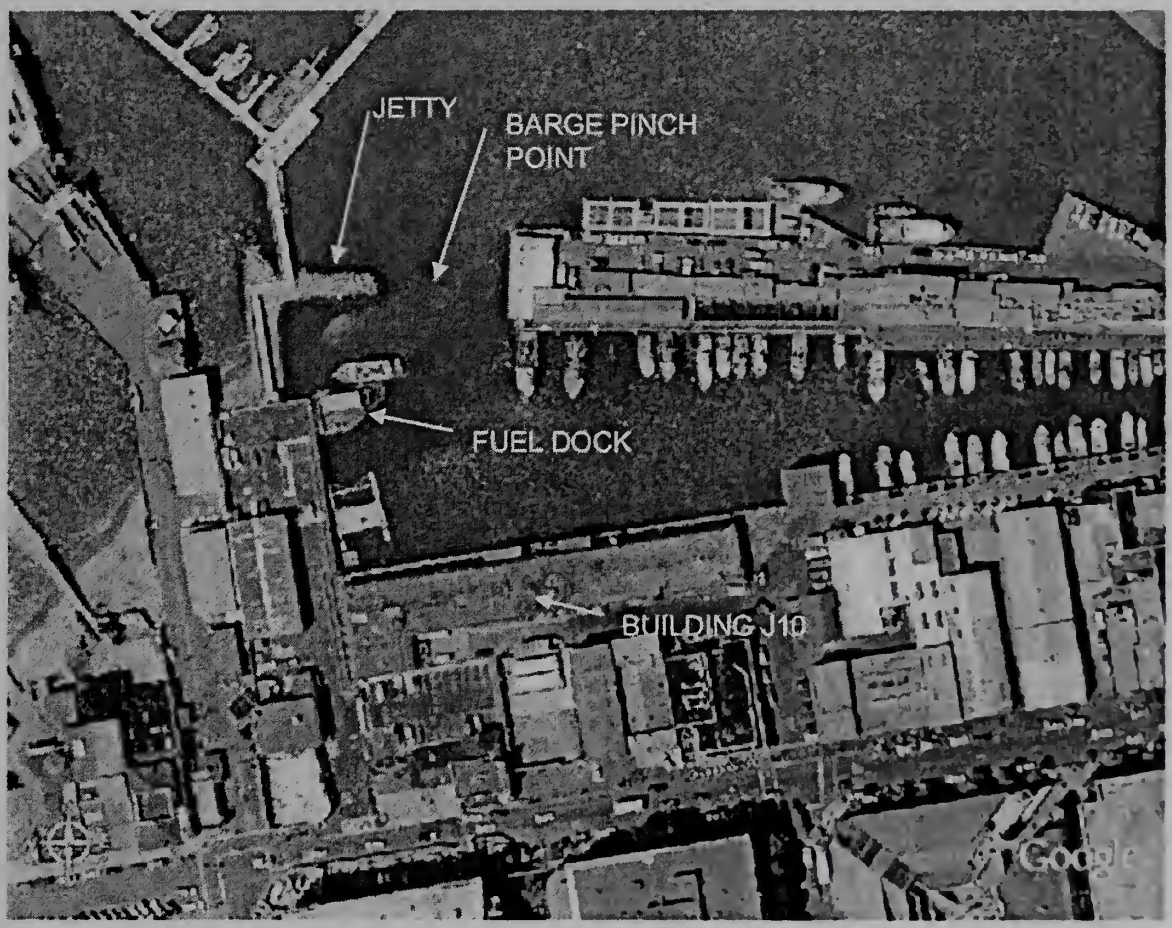
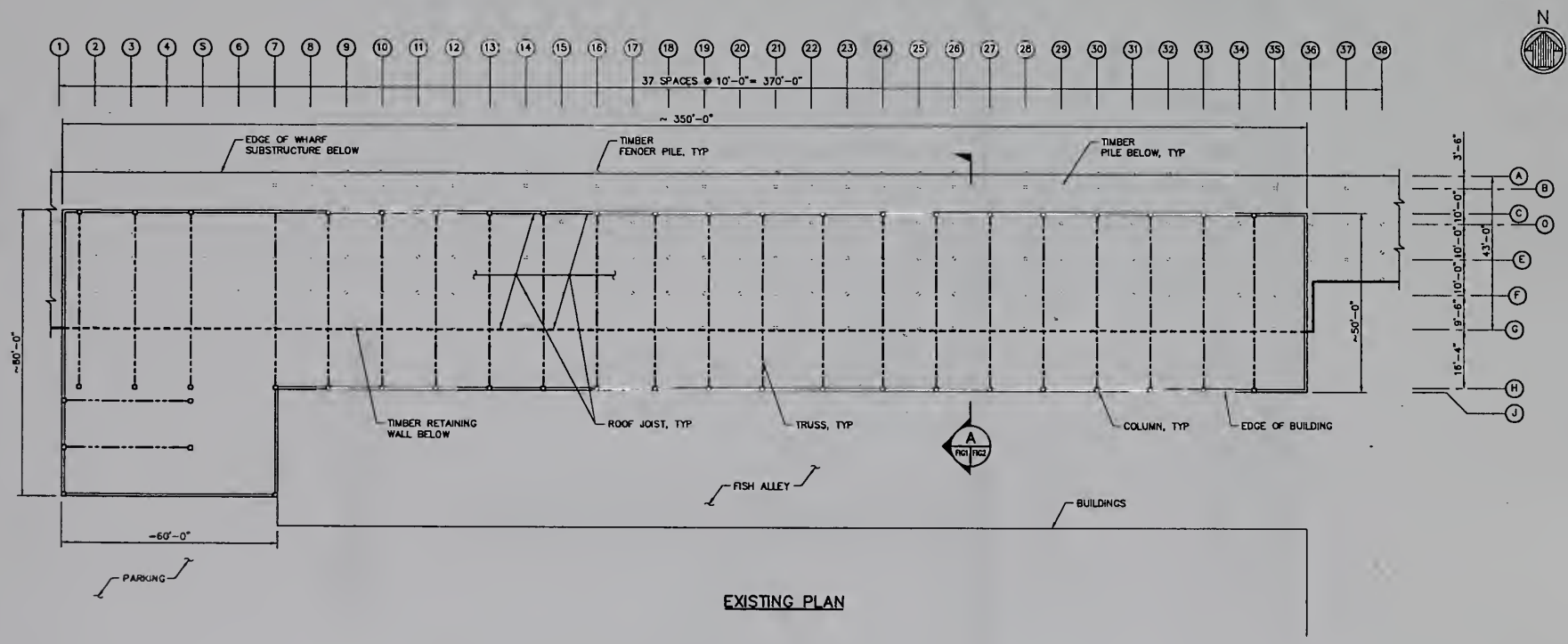


Photo 1
Wharf J-10 and Harbor Area



EXISTING PLAN

GRAPHIC SCALE
30 0 30 60
1" = 30'

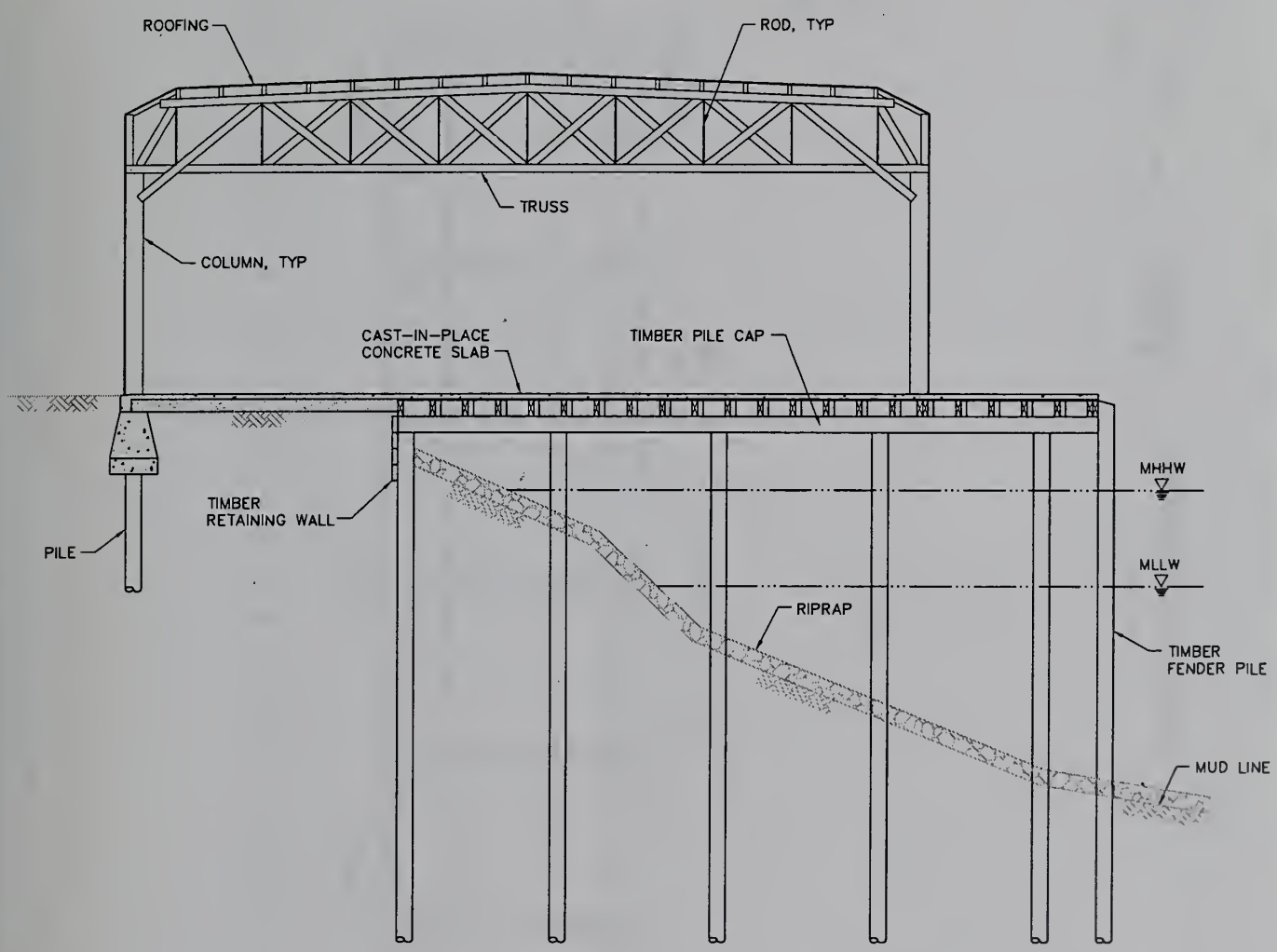
Moffatt & Nichol

WHARF J-10 PROJECT

BUILDING IN-PLACE SUBSTRUCTURE RECONSTRUCTION

EXISTING PLAN

FIG. 1



TYPICAL SECTION A FIG1 FIG2

ABBREVIATIONS:

MHHW	MEAN HIGHER HIGH WATER
MLLW	MEAN LOWER LOW WATER
TYP	TYPICAL

GRAPHIC SCALE

4 0 4 8 12 16

3/32" = 1'-0"

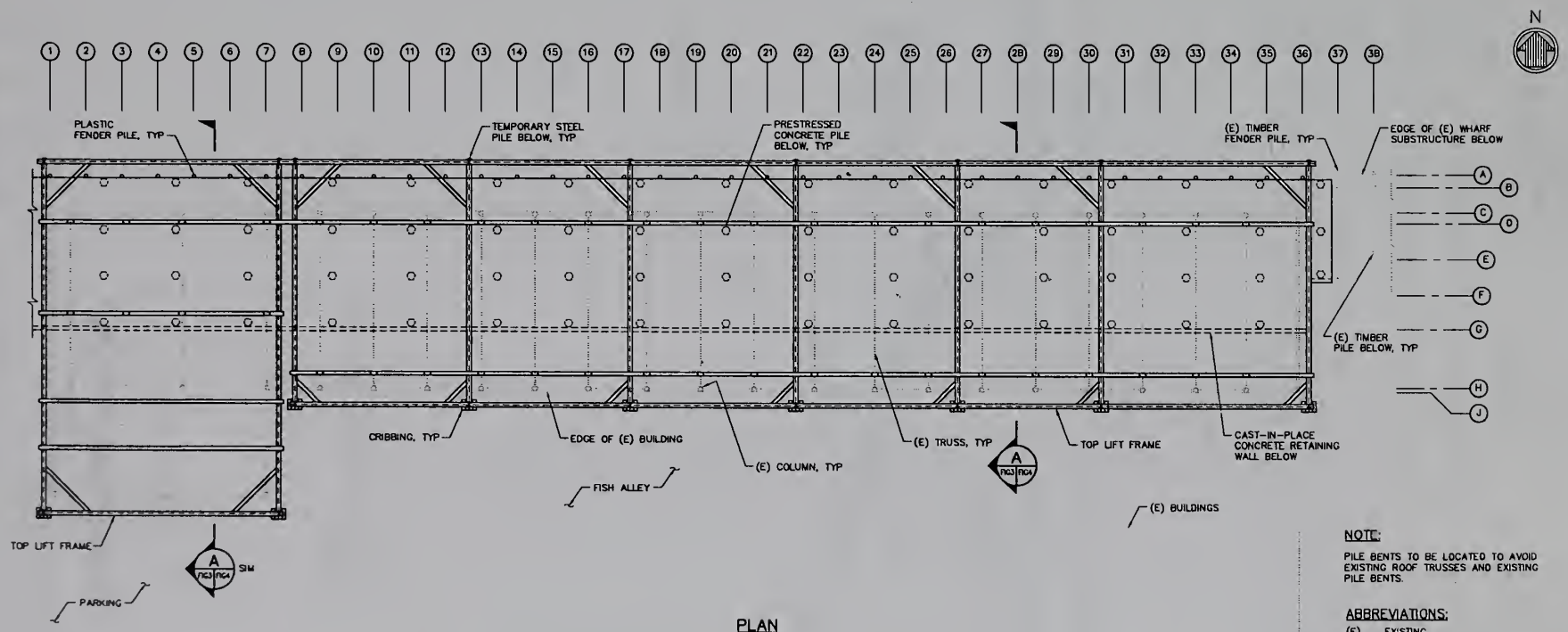
Moffatt & Nichol

WHARF J-10 PROJECT

BUILDING IN-PLACE SUBSTRUCTURE RECONSTRUCTION

EXISTING SECTION

FIG. 2



PLAN

NOTE:

PILE BENTS TO BE LOCATED TO AVOID EXISTING ROOF TRUSSES AND EXISTING PILE BENTS.

ABBREVIATIONS:

(E) EXISTING
SIM SIMILAR
TYP TYPICAL

GRAPHIC SCALE

30 0 30 60

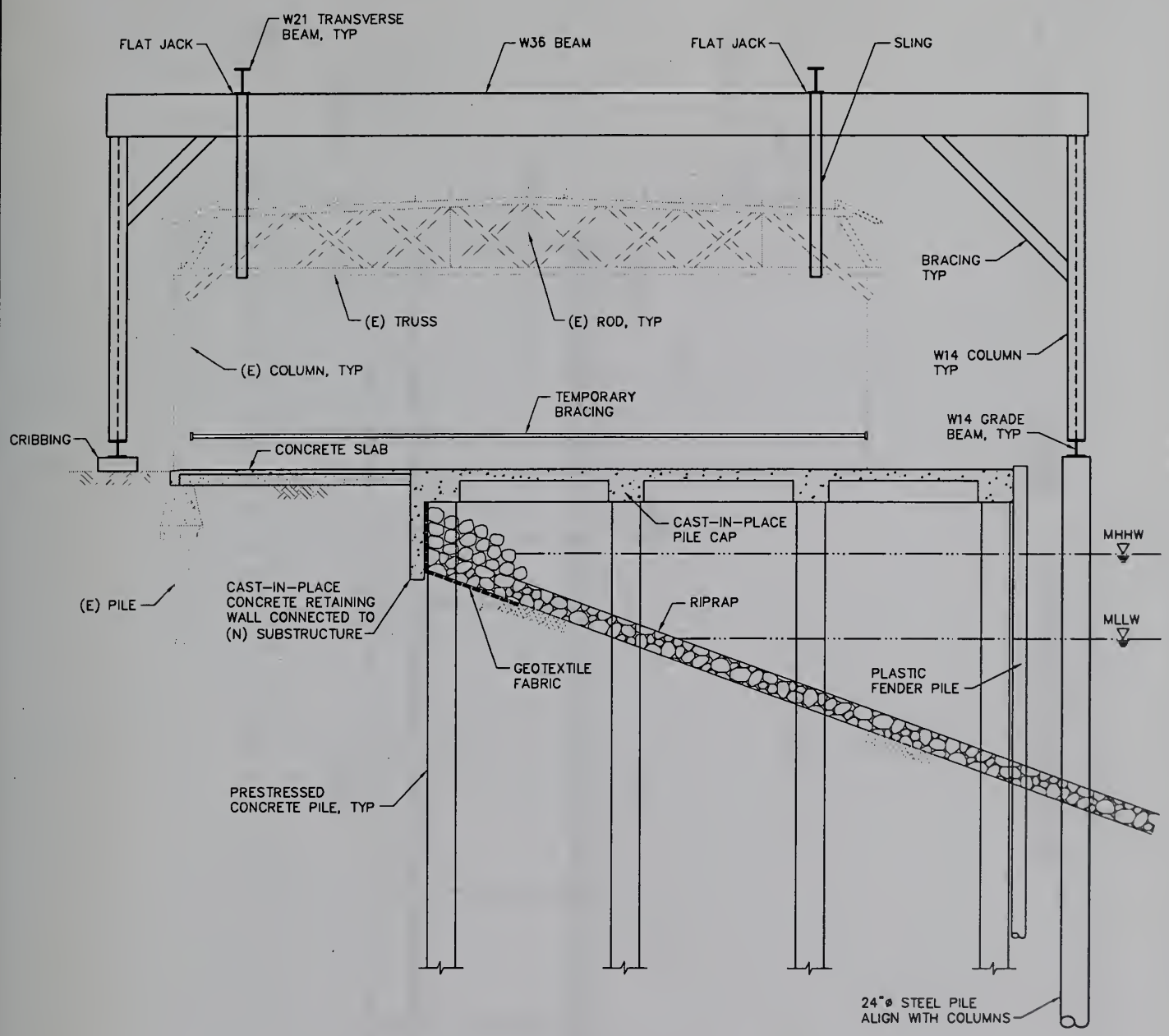
1" = 30'

Moffatt & Nichol

WHARF J-10 PROJECT

BUILDING IN-PLACE SUBSTRUCTURE RECONSTRUCTION
ALTERNATIVE B - TOP LIFT FRAME
PLAN

FIG. 3



TYPICAL SECTION A (FIG3 | FIG4)

NOTE:

MEZZANINES AND INTERIOR WALLS TO BE TEMPORARILY REMOVED FOR CONSTRUCTION.

ABBREVIATIONS:

(E)	EXISTING
MHHW	MEAN HIGHER HIGH WATER
MLLW	MEAN LOWER LOW WATER
(N)	NEW
TYP	TYPICAL

GRAPHIC SCALE

4 0 4 8 12 16

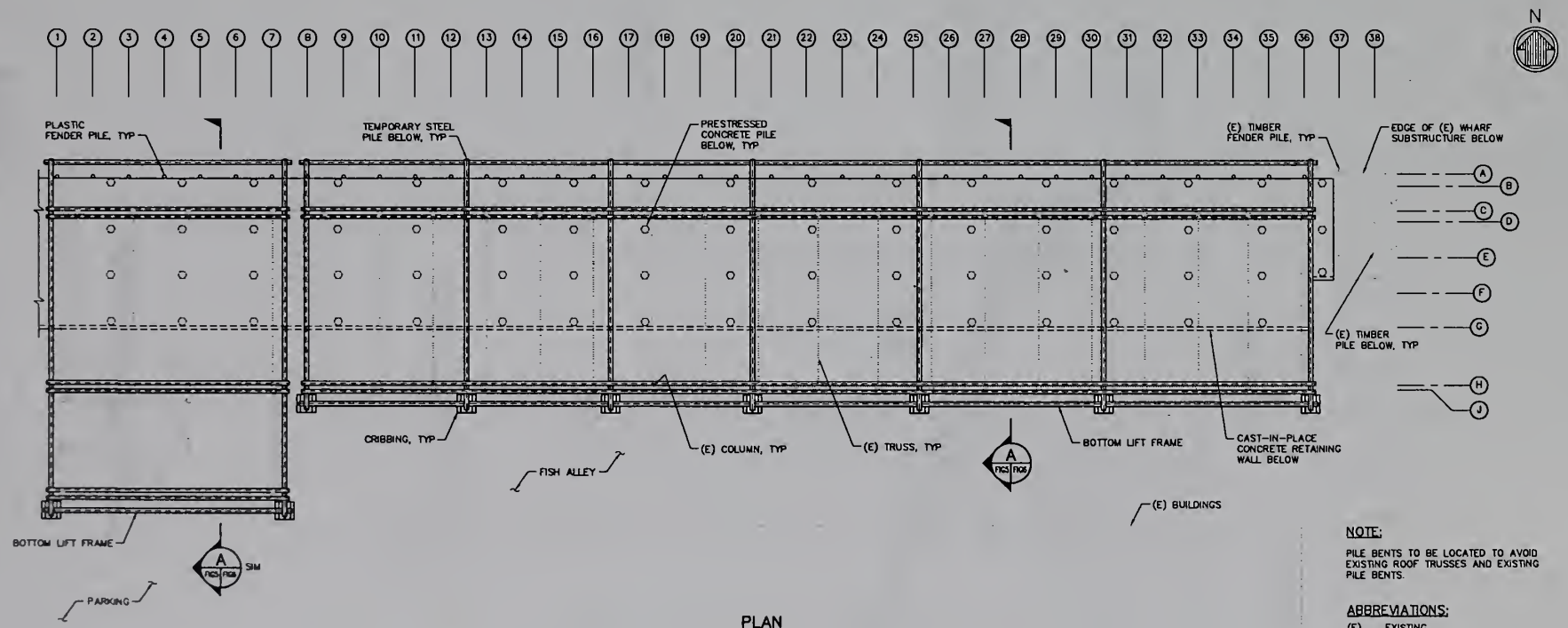
3/32" = 1'-0"

Moffatt & Nichol

WHARF J-10 PROJECT

BUILDING IN-PLACE SUBSTRUCTURE RECONSTRUCTION
ALTERNATIVE B - TOP LIFT FRAME
TYPICAL SECTION

FIG. 4



PLAN

NOTE:

PILE BENTS TO BE LOCATED TO AVOID EXISTING ROOF TRUSSES AND EXISTING PILE BENTS.

ABBREVIATIONS:

(E)	EXISTING
SIM	SIMILAR
TYP	TYPICAL

GRAPHIC SCALE

30 0 30 60

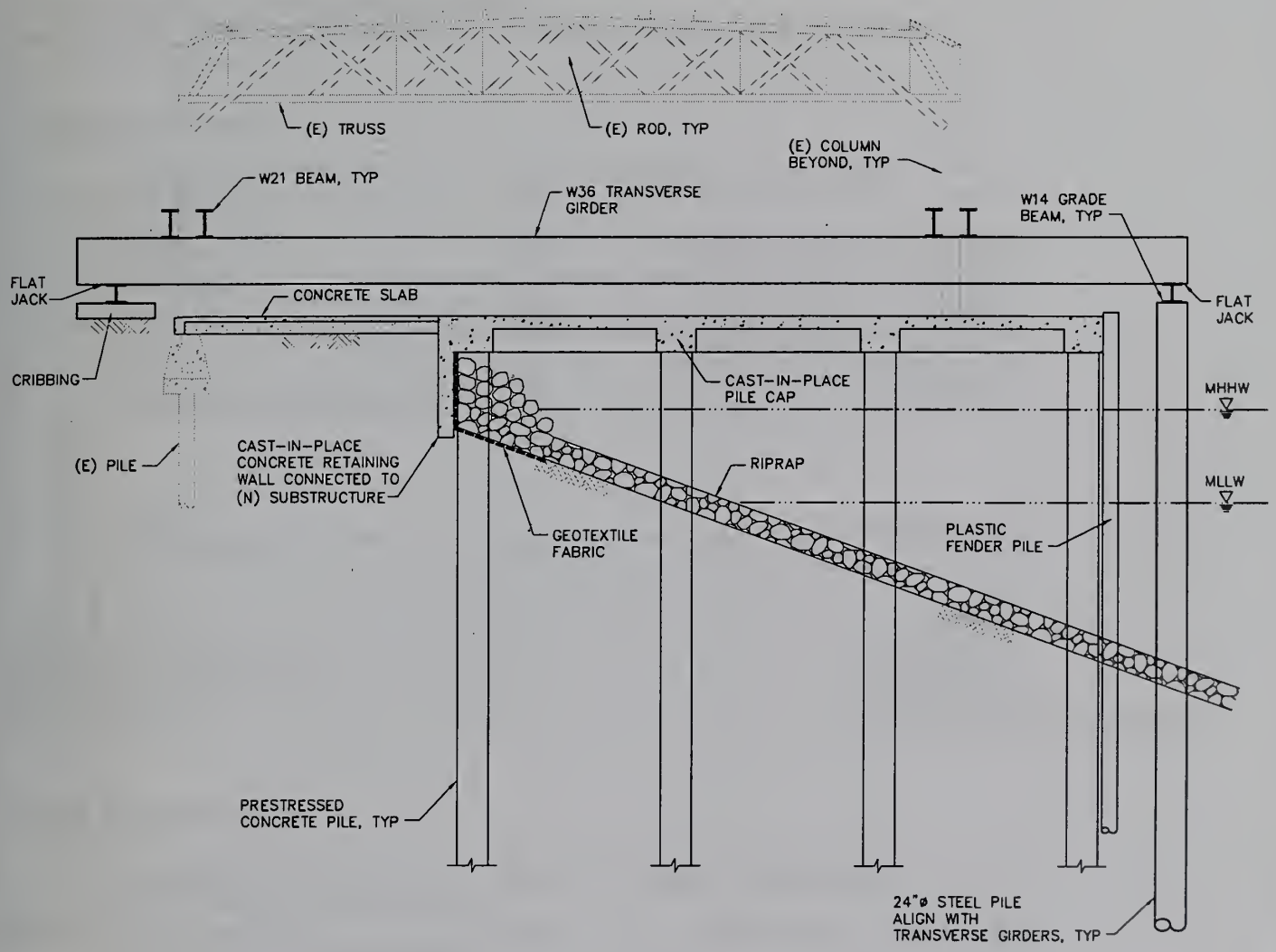
1" = 30'

Moffatt & Nichol

WHARF J-10 PROJECT

BUILDING IN-PACE SUBSTRUCTURE RECONSTRUCTION
ALTERNATIVE B-1 - BOTTOM LIFT FRAME
PLAN

FIG. 5



TYPICAL SECTION A FIG5 FIG6

NOTE:

MEZZANINES AND INTERIOR WALLS TO BE TEMPORARILY REMOVED FOR CONSTRUCTION.

ABBREVIATIONS:

(E)	EXISTING
MHHW	MEAN HIGHER HIGH WATER
MLLW	MEAN LOWER LOW WATER
(N)	NEW
TYP	TYPICAL

GRAPHIC SCALE

4 0 4 8 12 16

3/32" = 1'-0"

Moffatt & Nichol

WHARF J-10 PROJECT

BUILDING IN-PLACE SUBSTRUCTURE RECONSTRUCTION
ALTERNATIVE B-1 - BOTTOM LIFT FRAME
TYPICAL SECTION

FIG. 6

Wharf J-10 Post Demolition Tenant Improvements

Refer to pages 27 through 35 of Final EIR
Assumptions-(1) Whraf construction is of reinforced concrete deck supported by reinforced concrete piles

Phase 3 Improvements

	Improvement	Unit	Quantity	Unit Cost	Cost
Alioto Lease	Pile Supported Deck over water (Building Portion)	SF	5600	$ 300.00	$ 1,680,000.00
	Wharf Edge	SF	1400	$ 300.00	$ 420,000.00
	First Floor	SF	7450	$ 100.00	$ 745,000.00
	Mezzanine	SF	2372	$ 100.00	$ 237,200.00
	Second Floor	SF	7490	$ 100.00	$ 749,000.00
	Utilities	SF	17312	$ 50.00	$ 865,600.00
	Upgrade existing pump station	LS			$ 100,000.00
	Subtotal				**$ 4,796,800.00**
Cal Shelfish Lease	Concrete Pad	SF	1714	$ 15.00	$ 25,710.00
	Subtotal				**$ 25,710.00**
Total Phase 3 Construction Cost					**$ 4,822,510.00**
Add Soft Costs (20%)					**$ 964,502.00**
Total Phase 3 Cost					**$ 5,787,012.00**

say 5.8 Million

Phase 4 Improvements

	Improvement	Unit	Quantity	Unit Cost	Cost
Item A	Public Fish Receiving Wharf at East End of Wharf J-10	SF	1800	$ 300.00	**$ 540,000.00**
Item B	Public Fish Receiving Wharf at West End of Wharf J-10	SF	1800	$ 300.00	**$ 540,000.00**
Item D	New Fish Industry Building				
	Pile supported deck over water	SF	5600	$ 270.00	$ 1,512,000.00
	First Floor	SF	4700	$ 100.00	$ 470,000.00
	Mezzanine	SF	2300	$ 100.00	$ 230,000.00
	Uitilities	SF	7000	$ 50.00	$ 350,000.00
	Total Item D				**$ 2,212,000.00**
Item E	Floating Boat Repair Dock and ADA Ramp	LS			**$ 250,000.00**
Item F	Floating Work Dock and ADA Ramp	LS			**$ 150,000.00**
Total Phase 4 Construction Cost					**$ 6,254,000.00**
Add Soft Costs (20%)					**$ 1,250,800.00**
Total Phase 4 Cost					**$ 7,504,800.00**

Say 7.5 Million

ATTACHMENT C

EXCERPTS FROM WHARF J-10 FINAL EIR

existing fish handling facilities on the south side of Fish Alley. The concrete platform is proposed as an interim improvement to create an open air work area across the street, providing an off-street area for Cal Shell to load and unload trucks and general work area to carry out fishing industry-related operations without blocking circulation on Fish Alley. While the area of the footprint of the concrete pad would remain the same as provided in Cal Shell's current lease, the configuration of the footprint would be different. The concrete pad would be located inland of the former retaining wall, which would have been removed in Phase 2.

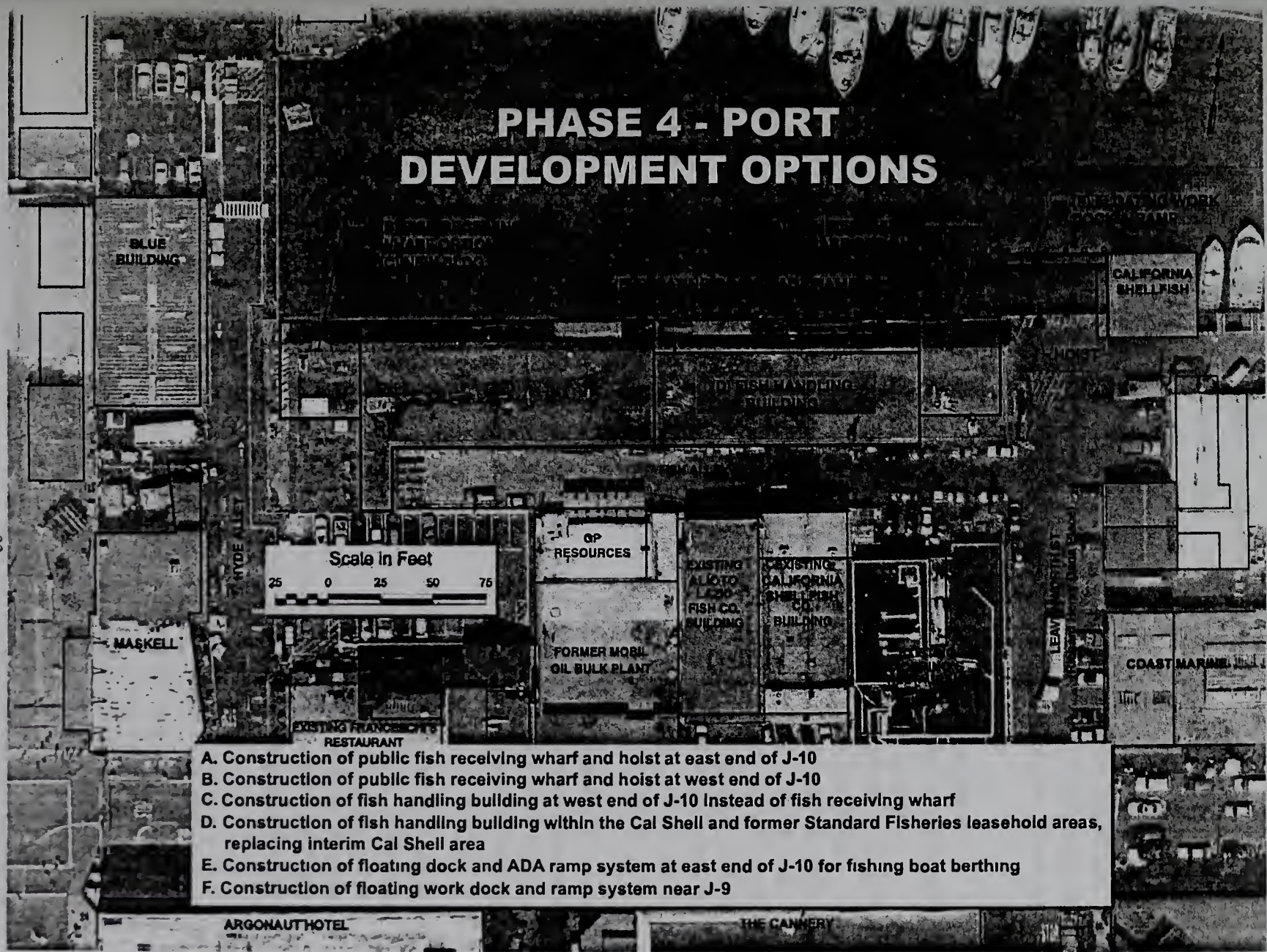
Construction of these elements could begin after demolition. The estimated cost of proposed F. Alioto and Cal Shell improvements are not determinable at this time because no final plans are available.

PHASE 4 – PORT DEVELOPMENT OPTIONS

The Port's Waterfront Land Use Plan policies for the Fish Alley area in general place priority on preserving the small scale maritime-industrial character, and support of fish handling, processing and distribution, restaurants and bars oriented towards the fishing industry and fishing industry support services. Wharf J-10 is located within Fish Alley Zone A, which restricts acceptable long-term uses to fishing industry, maritime office, boat repair and support services, public access, and retail (limited to sale of fish only).

Within this policy framework, the Port has worked with the Fisherman's Wharf community to identify possible fishing industry-related uses that could be developed at the Wharf J-10 project site, for unleased portions of the site. All of the development options described below and shown in Figure 16 are subject to the availability of new sources of funding to support the development and management costs of new fishing industry facilities. All of the Phase 4 development options described below are presented at a conceptual level with little detail. Development of new fish handling facilities would depend on fishing industry market conditions and the demand for such new facilities. The actual development of these facilities would be subject to modification and refinement during detailed construction design and engineering, which may trigger the need for further environmental review. The Port development options for Wharf J-10 are described below, and are illustrated in Figure 16.

(A) Public Fish Receiving Wharf at East End of Wharf J-10 – The Port could construct an approximately 1,800 square-foot fish receiving wharf open to general use by fishing boat operators on the east end of the project site, adjacent to an existing fish hoist at the terminus of Leavenworth Street and the concrete pad proposed by Cal Shell described in Phase 3, above. This wharf would be designed for use by fishing boat operators to transfer their catch from their boats to shore and constructed to allow for an enclosed fish receiving building to be built on top of the deck at a later date. The receiving wharf would require pile-supported construction. At this time, it is unknown as to whether any of the existing piles at the east end of Wharf J-10 could



SOURCE: Port of San Francisco

Wharf J-10 Demolition and (Partial) Reconstruction / 203428 ■

Figure 16
Phase 4 - Port Development Options

support this structure. This EIR assumes that construction of the fish receiving wharf would involve removal of all existing piles and driving of new piles to support the proposed facility.

(B) Public Fish Receiving Wharf at West End of Wharf J-10 – The Port could construct an approximately 1,800-square-foot fish receiving wharf on the west end of the project site, adjacent to the access roadway to the Hyde Street Harbor. This wharf would be used by fishing boat operators to transfer their catch from their boats to shore. This wharf would be designed to allow future construction of *(C) An Enclosed Fish Receiving Building* on top of the deck. The receiving wharf would require all new pile-supported construction.

(D) New Fishing Industry Building –The Port could reconstruct an additional portion of Wharf J-10 and construct a new fish handling building atop the wharf between the proposed new F. Alioto building described in Phase 3, above, and the east end fish receiving wharf site described as Option A, above, and shown in Figure 16. Conceptually, the building would provide approximately 7,000 square feet of fishing industry space on one main level and a partial mezzanine level, similar to space use patterns in the existing Wharf J-10 shed building, within a building height of approximately 20 feet. New piles, roughly comparable in number to those necessary for the wharf supporting the F. Alioto building, would be required. Any development of such a facility would depend in large part on successful negotiations and agreement with Cal Shell, because the building footprint would overlap Cal Shell's current leasehold, as well as the interim concrete pad proposed by Cal Shell in Phase 3, above. It is not known whether this fishing industry building would be developed by the Port, Cal Shell, or a future tenant.

(E) Floating Boat Repair Dock at Wharf J-10 – The Port could construct a system of floats and ramps for use by fishing boat operators to provide space for minor boat repairs and maintenance. At this time, two options for such type of improvements have been developed, which are shown in Figure 16. Either option would involve a structure supported by between about 10 and 20 new piles.

One option is to construct a floating dock and ramp system in the space between the F. Alioto leasehold site and the east end fish receiving wharf described as Option A, above. Boats would be able to pull up next to the 125-foot-long dock, which would be connected to a ramp system allowing walking access to the east end fish receiving wharf. The dock edge would allow space for fishing boat operators to load and off-load gear and conduct minor boat maintenance work that is confined within the vessel. This dock and ramp system could be built compatibly with the fishing industry building concept described as Option D, above.

(F) Floating Boat Repair Dock at Foot of Leavenworth Street – Another option would be to develop a working dock for fishing boats off the end of Leavenworth Street, adjacent to the existing fish hoist. The conceptual design, which was proposed by the members of the Crab Boat Owners Association, would consist of an access ramp from the end of Leavenworth Street to a

length of floating dock that runs parallel to Wharf J-10, as shown in Figure 16. This design would allow for vessels to berth on both sides of the floating dock and conduct minor fishing vessel maintenance that is confined within the vessel. As conceived, this concept could affect another fishing facility operated by Cal Shell located immediately to the east at Wharf J-9 (which is separate from the Cal Shell facilities at Wharf J-10 and across the street on the south side of Fish Alley). Any plans to pursue this set of dock and ramp improvements would require discussions and agreement with Cal Shell.

C. PROJECT SPONSOR'S OBJECTIVES

The project sponsor's objectives for the proposed project are:

- Eliminate the existing public safety hazard created by the instability of the existing Wharf J-10 substructure and building;
- Appropriately document the cultural significance of Wharf J-10 and any submerged archeological resources on the project site;
- Support fishing industry uses by facilitating Wharf J-10 tenants' reconstruction of a fish processing facility; and a staging area, storage, and loading area.
- Continue to uphold the land use and urban design policies for the Wharf J-10 site, as set forth in the Waterfront Land Use Plan, to promote Fishing Industry uses and facilities that are consistent with the area's identified architectural character, including marine food preparations and fishing vessel support and repair, retail (limited to sale of fish only), community facilities and public access.

D. SCHEDULE, APPROVAL REQUIREMENTS AND GENERAL PLAN POLICIES

This EIR will undergo a public comment period as noted on the cover, including a public hearing before the Planning Commission on the Draft EIR. Following the public comment period, responses to written and oral comments will be prepared and published in a Comments and Responses document. The Draft EIR will be revised as appropriate and, with the Comments and Responses document, presented to the Planning Commission for certification as to accuracy, objectivity, and completeness. No approvals or permits may be issued before the Final EIR is certified.

APPROVALS

The proposed project would be subject to review by all agencies with jurisdiction over the proposed project, including a determination that the proposed project is consistent with the

could pose a danger to people, either directly or indirectly, through falling debris or potential damage to adjacent structures. Further deterioration could also adversely affect water quality due to debris falling in the water and it is reasonable to assume that, if left in its current condition, Wharf J-10 would ultimately collapse, thereby resulting in similar historic architectural resource impacts as the proposed project.

It is unlikely that any submerged archeological resources would be immediately affected because no new piles would be driven and no new riprap would be placed under this alternative, unless or until the structure were to collapse and be replaced.

B. HISTORIC REHABILITATION OF WHARF J-10 WITH NEW SUBSTRUCTURE

- *B. STRUCTURAL BRACING ABOVE BUILDING*

DESCRIPTION

The intent of this alternative is to re-situate the building on a reconstructed substructure and rehabilitate the shed structure in accordance with the WLUP's Fish Alley Design Criteria, which were developed consistent with the Secretary of the Interior's Standards for the Treatment of Historic Properties. This alternative would involve the rehabilitation of the Wharf J-10 building atop a new wharf substructure. Due to the deterioration of the substructure that precludes use of construction equipment on, or entry of workers to, the site, reconstruction of the substructure would require that the building be suspended off of the ground for the duration of the reparation and stabilization of the wharf substructure. Port engineering staff has theorized that a steel-frame cage-like structure could possibly be built around the existing fish processing building, with the building connected to this cage, to support and stabilize the building during work on the substructure.

After stabilization of the substructure, the building would be replaced on its original footprint and rehabilitated according to the WLUP's Fish Alley Design Criteria. However, it is not known with certainty whether this, or another, engineering solution would be physically feasible given the fragile condition of the substructure. According to the Port, instituting this engineering approach to structurally support the Wharf J-10 building while the substructure is removed and replaced would require driving piles around the perimeter of the entire facility, and possible penetrations through the building in certain locations. The vibration impacts of the required pile driving could itself trigger the collapse of the facility before the Wharf J-10 building was secured. The attachments between the steel frame cage to the building itself could result in substantial damage or loss of historic building materials that would reduce the historic integrity of the structure.

IMPACTS

Under this alternative, some impacts associated with historic resources would be avoided. Rehabilitating Wharf J-10 would avoid the significant impact on the potential California Register-eligible historic district, and on Wharf J-10, a contributing resource, that would occur under the proposed project. However, it is possible that the building could sustain substantial damage during reconstruction of the wharf substructure due to the strain of being suspended.

In addition, due to the state of deterioration of some of the piles that support the wharf, it is likely that pile replacement would be necessary under this alternative. This would require the removal of deteriorated piles, which would be cut approximately six inches above the Bay floor, and the addition of new piers that would be driven into the Bay. New piles being driven into the Bay, both for long-term structural support and to temporarily uphold the Wharf J-10 building during reconstruction of the substructure, could adversely affect submerged archeological resources, if present, as would be the case with new construction under the proposed project. The pile driving associated with this alternative, therefore, would not avoid the potentially significant impact on the sunken Gold Rush-era shipwrecks that could be located under the project site and mitigation would be required to reduce this impact to a less-than-significant level, although the mitigation identified for the proposed project (subsurface testing prior to pile-driving) would be substantially complicated by the presence of the existing building. Also, if new piles were required, this could cause further damage or alteration to the existing building if the piles had to go through the building.

Because the new building would likely maintain the same design as the existing building, this alternative would be consistent with the Fish Alley Design Criteria, unlike the proposed project.

Effects related to hazardous materials would be the same as those with the proposed project.

The Port believes that this alternative would be prohibitively expensive because it would require attempting to support the existing building while replacing its substructure, and Port staff has not identified any proven methodology for such an undertaking.

- Moffatt & Nichol, consulting engineers to the Port, estimated the cost to implement Alternative B at approximately $16.8 million (Moffatt & Nichol, 2006). Moffatt & Nichol also found that the top lift frame would have to be heavy to provide needed stability, and would require that a large amount of structural steel be brought onto the site and assembled. Additionally, under Alternative B, new substructure piles would have to be lifted over the frame supporting the building, requiring a large barge crane, which could be problematic because the size of a floating crane that can work at Wharf J-10 may be limited by the opening to the Outer Lagoon (between Pier 47 and the Hyde Street fuel dock). Additionally, building preparation work would be substantial, as the wall loads would be supported off the roof truss support columns instead of bearing on wall footings.

- A sketch plan of Alternative B is depicted in Figure 19.

- *B.1. STRUCTURAL BRACING BENEATH BUILDING*

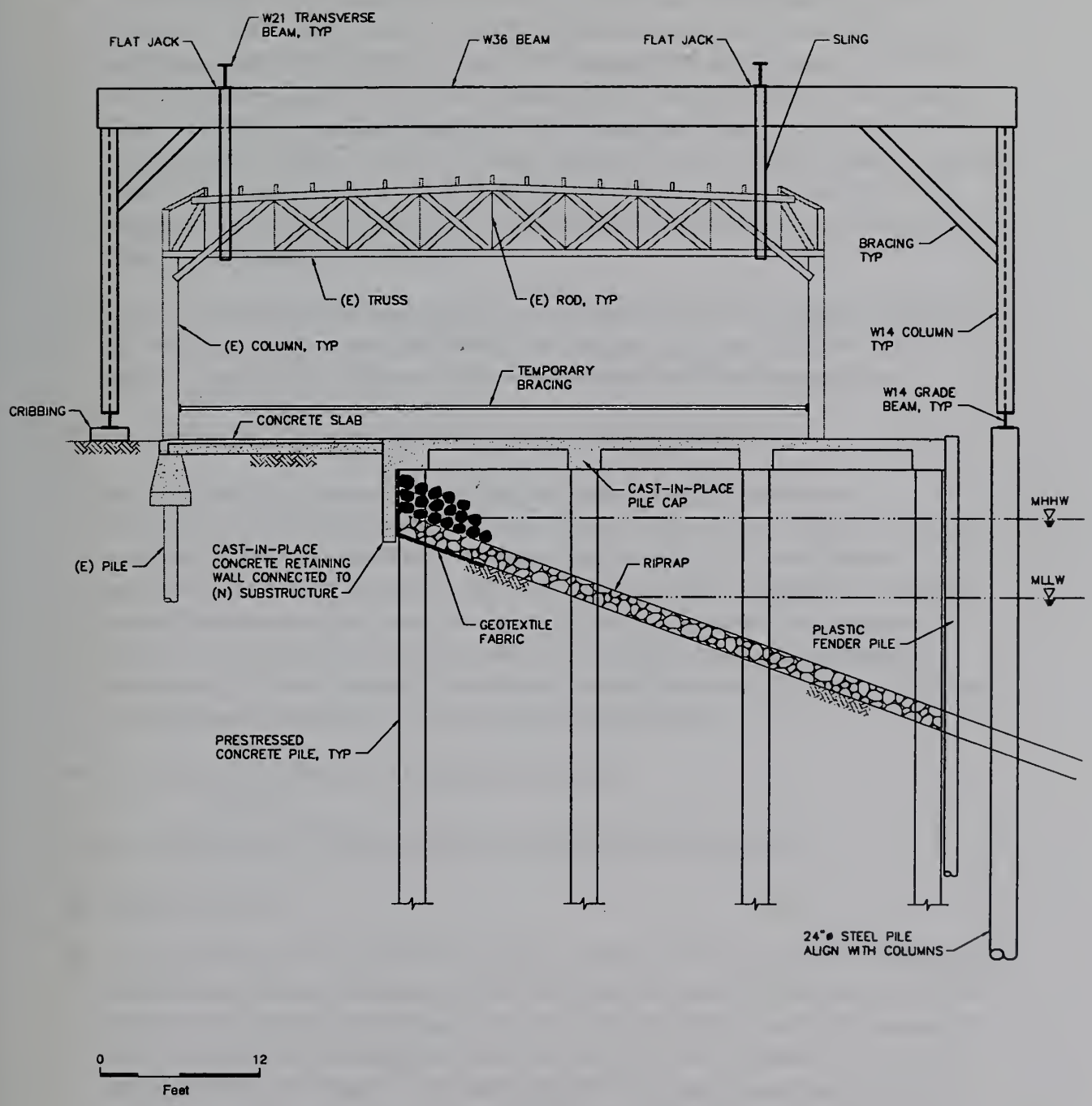
- DESCRIPTION

- A variation to the approach described in Alternative B would involve installation of a bracing and support system near the base of the existing building (at waist level) rather than from overhead, as under Alternative B. As with Alternative B, the intent of Alternative B.1 is to first isolate the J-10 building from the substructure so that the wharf can be rebuilt, and then to re-situate the building on the reconstructed substructure and rehabilitate the J-10 building in accordance with the WLUP's Fish Alley Design Criteria and the Secretary of the Interior's Standards for the Treatment of Historic Properties.

- This alternative would entail driving temporary steel piles on the Bay side of Wharf J-10. A beam would be placed along the top of the piles, parallel to the wharf, and would in turn support horizontal steel girders that would be installed through the building. These girders would be supported on cribbing in Fish Alley. Beams supported by the girders would straddle and connect to the building columns. Flat jacks or other heavy lifting devices would be placed beneath the girders. It is anticipated that mezzanine space inside the existing building, much of which is not tied structurally to the vertical wall and truss system, would have to be removed; it might later be replaced as part of the rehabilitation of the building once the substructure is in place. Therefore, after removal of interior walls, mezzanines, and freezers and other equipment from inside the building, the roofing would be removed and the remaining building frame strengthened. The building would then be lifted slightly to unload the substructure. Next, new permanent piles would be driven through the now-open roof to support construction of the new substructure and deck. A concrete retaining wall would be constructed near the location of the existing retaining wall, which would have been removed. New pile caps and a new concrete deck slab would then be constructed, and the building would be set back down on the new deck and the lift frame disassembled and removed. Finally, the roof, interior walls, and building exterior would be reconstructed or refurbished.

- IMPACTS

- As with Alternative B, rehabilitating the Wharf J-10 building would avoid the significant impact on the potential California Register-eligible historic district, and on the J-10 building, a contributing resource to the district, that would occur under the proposed project with demolition of Wharf J-10 and the J-10 building. However, it is possible that the building could sustain substantial damage during reconstruction of the wharf substructure due to the strain of being suspended. At a minimum, temporary openings in the building walls would be needed for the lift girders.



SOURCE: Moffatt and Nichol, 2006

Wharf J-10 Demolition and (Partial) Reconstruction / 203428.02 ■

Figure 19
Alternative B - Typical Section

- Also as with Alternative B, new piles being driven into the Bay, both for long-term structural support and to temporarily uphold the Wharf J-10 building during reconstruction of the substructure, could adversely affect submerged archeological resources, if present, as would be the case with new construction under the proposed project. The pile driving associated with this alternative, therefore, would not avoid the potentially significant impact on the sunken Gold Rush-era shipwrecks that could be located under the project site and mitigation would be required to reduce this impact to a less-than-significant level, although the mitigation identified for the proposed project (subsurface testing prior to pile-driving) would be complicated by the presence of the existing building.

- Because the rehabilitated building would maintain the same design as the existing building, this alternative would be consistent with the Fish Alley Design Criteria and the Secretary of the Interior's Standards for the Treatment of Historic Properties, unlike the proposed project.

- Effects related to hazardous materials would be the same as those with the proposed project.

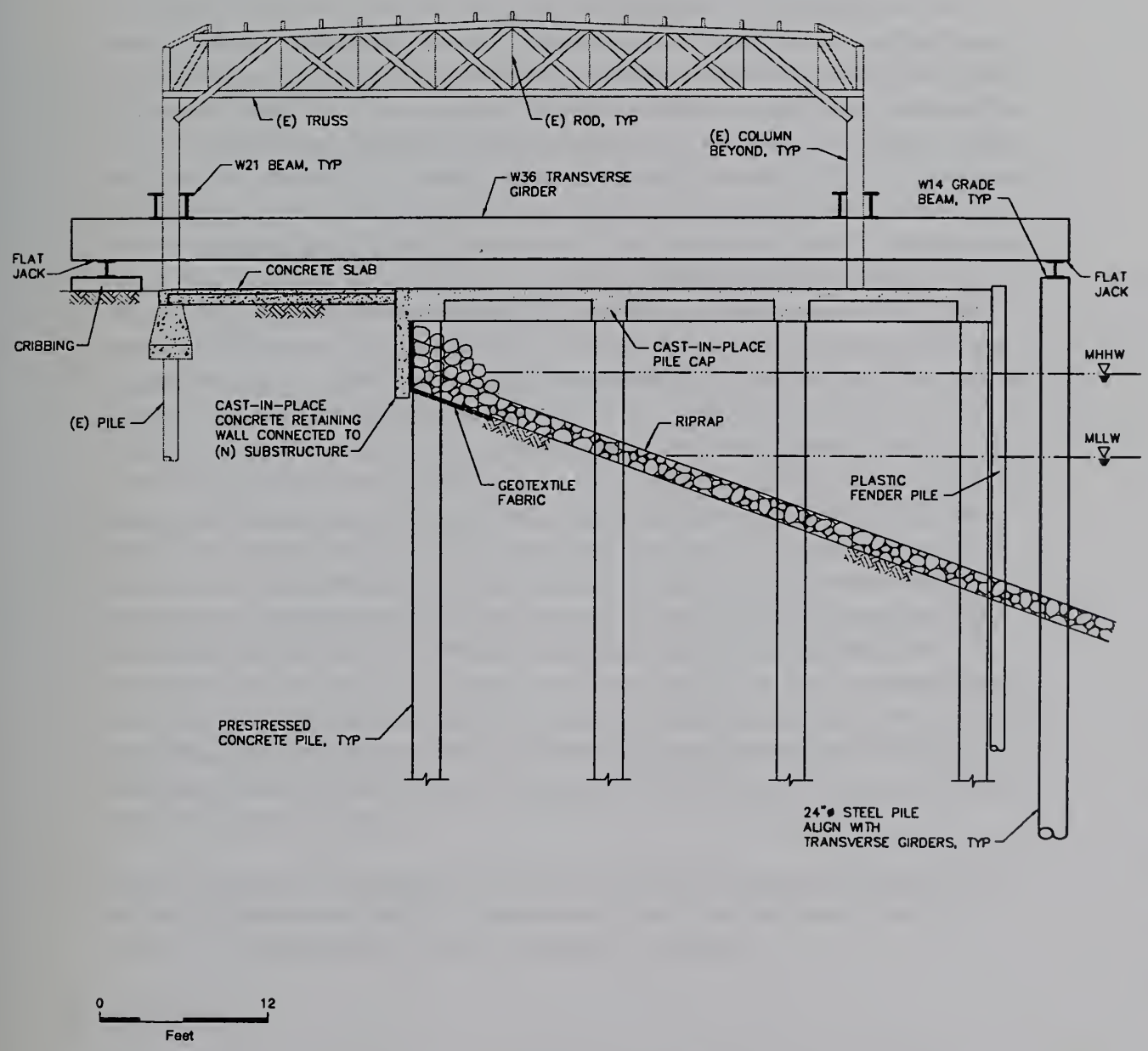
- Moffatt & Nichol, consulting engineers to the Port, estimated the cost to implement Alternative B.1 at approximately $16.1 million (Moffatt & Nichol, 2006). Moffatt & Nichol also found that this alternative would allow for use of a smaller barge crane than Alternative B, and would entail less costly installation of piles for the new substructure, compared to Alternative B, because the substructure piles would not have to be lifted as high and the crane barge may be smaller than Alternative B. On the other hand, the J-10 building could require substantial strengthening to improve stability and transfer the building dead loads to the columns. Clearance in the substructure work area would be less than with Alternative B.

- A sketch plan of Alternative B.1 is depicted in Figure 20.

- *B.2. TEMPORARY DISMANTLING OF EXISTING BUILDING*

- DESCRIPTION

- As another variation to the Alternative B approach, Alternative B.2 would construct a bracing and support system to isolate the building from the wharf deck and allow the wharf substructure to be demolished and replaced. Under this alternative, however, the building would be dismantled, in sections, and the wharf and building reconstructed, also in sections. The structural support and bracing system would be similar to that under Alternative B.1, consisting of temporary driven piles in the water that would support horizontal steel beams installed through the building, at its base, and supported on land. The steel beams would be aligned with and support the vertical walls and overhead truss structures in the existing Wharf J-10 building, and would thus function as temporary floor beams. The bracing would look similar to the configuration of the bracing



SOURCE: Moffatt and Nichol, 2006

Wharf J-10 Demolition and (Partial) Reconstruction / 203428.02 ■

Figure 20

Alternative B.1 - Typical Section

now present at the western end of Wharf J-10, and would also include vertical steel beams to provide support for the northern walls of the J-10 shed.

- Under this alternative, the removal and replacement of the wharf substructure would occur in segments 60 feet in length, each of which would encompass four 15-foot wide bays in the existing building. Work would begin at the western end of the wharf (adjacent to Hyde Street), which is the most deteriorated, and would follow a modular approach to the substructure repairs for the entire building in the following way: once the first (most westerly) 60-foot portion of the Wharf J-10 building was braced and supported independent of the substructure, workers would install temporary flooring in the existing building and would dismantle the first 60-foot section of the building. All pieces of this section of the building would be labeled and moved to storage. With the wharf deck exposed, the first section of the wharf substructure would be demolished and rebuilt. Next, the second 60-foot section of the existing building would be braced and then dismantled and the pieces labeled and stored, either off site or on the newly built wharf deck immediately to the west. The second section of the wharf deck would then be demolished and reconstructed, and the portion of the building that had stood above that part of the deck would be rebuilt with the labeled components that had been stored. The third 60-foot section of the building would then be braced and dismantled and the pieces labeled and stored, either off-site or on the initial section of newly built wharf deck at the western end of the site. The third section of wharf would be demolished and replaced, and the portion of the building that had stood above that part of the deck would be rebuilt, using the labeled components that had been stored; the two reconstructed building sections would then be joined. The process would continue until the easternmost portion of the substructure had been replaced and the building reassembled atop it and joined to the rest of the rebuilt Wharf J-10 building. Finally, the components of the westernmost 60-foot section of the building would be returned from storage, reconstructed on the initial section of newly built wharf deck at the western end of the site, and connected to the rest of the building, and rehabilitation of the entire Wharf J-10 in accordance with the WLUP's Fish Alley Design Criteria and the Secretary of the Interior's Standards for the Treatment of Historic Properties would be completed.

- As with Alternative B.1, the mezzanine would have to be removed, possibly to be replaced later. Also, as with Alternatives B and B.1, vibration due to pile driving could result in damage or collapse of the facility before the Wharf J-10 building was secured.

- IMPACTS

- As with Alternatives B and B.1, reconstructing Wharf J-10 would avoid the significant impact on the potential California Register-eligible historic district, and on the J-10 building, a contributing resource to the district, that would occur under the proposed project with demolition of

Wharf J-10 and the J-10 building. It is possible that some parts of the building could be damaged or destroyed during disassembly and/or reconstruction. Building components not suitable for use in reassembly of the J-10 building would be replaced in-kind, thereby avoiding a significant impact.

- Also as with Alternatives B and B.1, new piles being driven into the Bay, both for long-term support of the new substructure and for temporary bracing of the Wharf J-10 building, could adversely affect submerged archeological resources, if present, as would be the case with new construction under the proposed project. The pile driving associated with this alternative, therefore, would not avoid the potentially significant impact on the sunken Gold Rush-era shipwrecks that could be located under the project site and mitigation would be required to reduce this impact to a less-than-significant level, although the mitigation identified for the proposed project (subsurface testing prior to pile-driving) would be complicated by the presence of the existing building.

- Because the rehabilitated building would maintain the same design as the existing building, this alternative would be consistent with the Fish Alley Design Criteria and the Secretary of the Interior's Standards for the Treatment of Historic Properties, unlike the proposed project.

- Effects related to hazardous materials would be the same as those with the proposed project.

- Moffatt & Nichol, consulting engineers to the Port, estimated the cost to implement Alternative B.2 at approximately $17.1 million (Moffatt & Nichol, 2006). Moffatt & Nichol found that this alternative would allow for use of a smaller barge crane than Alternative B, and would entail less costly installation of piles for the new substructure, compared to Alternative B, because the substructure piles would not have to be lifted as high and the crane barge may be smaller than Alternative B. On the other hand, the marking, plans development and disassembly may be time consuming and represent a relatively large percentage of the total project cost, and there is potential for more building damage due to disassembly.

C. RECONSTRUCTION OF WHARF J-10 WITH SALVAGED ELEMENTS

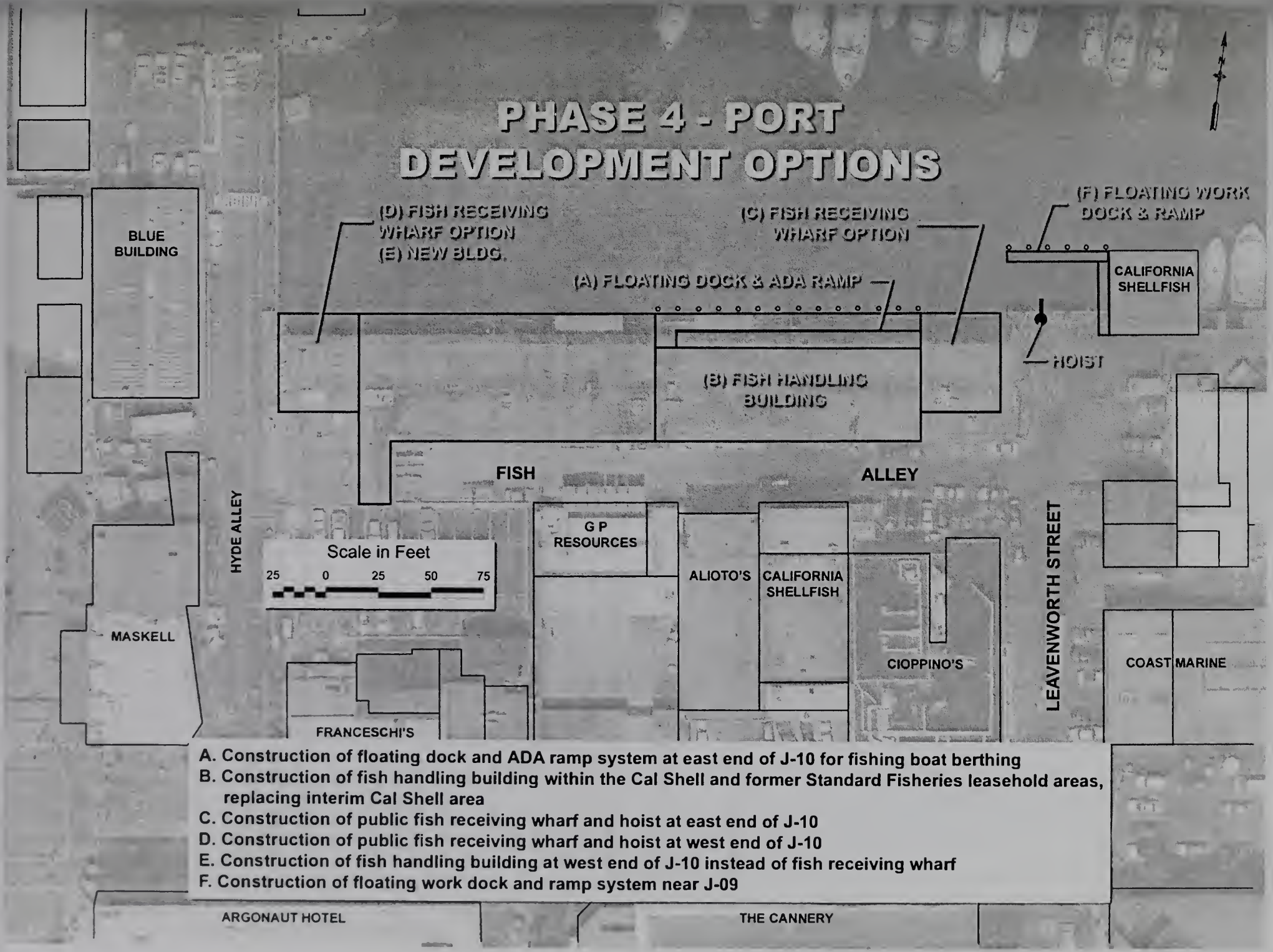
DESCRIPTION

This alternative would involve the demolition of the existing Wharf J-10 building and substructure and the reconstruction of a portion of the site with a new single-story fish processing facility by the F. Alioto Fish Company, using salvageable materials, including siding, roof tiles, shutters, signage, etc. from the existing building. The design of the new building would be

ATTACHMENT D

PHASE 4 GRAPHIC

PHASE 4 - PORT DEVELOPMENT OPTIONS



A. Construction of floating dock and ADA ramp system at east end of J-10 for fishing boat berthing
B. Construction of fish handling building within the Cal Shell and former Standard Fisheries leasehold areas, replacing interim Cal Shell area
C. Construction of public fish receiving wharf and hoist at east end of J-10
D. Construction of public fish receiving wharf and hoist at west end of J-10
E. Construction of fish handling building at west end of J-10 instead of fish receiving wharf
F. Construction of floating work dock and ramp system near J-09

PORT OF SAN FRANCISCO

MEMORANDUM

September 6, 2006

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Wilfred Hsu

FROM: Monique A. Moyer
Executive Director

SUBJECT: Informational Presentation on the status of the James R. Herman International Cruise Terminal at Piers 30-32.

DIRECTOR'S RECOMMENDATION: INFORMATIONAL ONLY - NO ACTION REQUIRED

The Lease Disposition and Development Agreement ("LDDA") between the Port and San Francisco Cruise Terminal, Inc. ("SFCT") for the mixed-use project ("Piers 30-32 Project"), including the James R. Herman International Cruise Terminal at Piers 30-32 and the Brannan Street Wharf will expire on September, 15, 2006. Although SFCT obtained significant entitlements for the Piers 30-32 Project ("Project"), SFCT did not exercise its option to extend the terms of the LDDA, citing rising construction costs and the inability of the Project to generate sufficient financial returns.

SFCT has sought to assign the LDDA to other developers. However, the only proposals that might generate sufficient returns would require major changes to the Project and, therefore, changes to at least some of the development entitlements. Prior to considering any new proposals, Port staff believes it is necessary for the Port Commission to review and update its goals and objectives for the Project.

To inform the Commission's review, the Port Executive Director will appoint an ad hoc Cruise Terminal Advisory Panel to re-evaluate the site plan and propose a master plan and implementation schedule for the cruise terminal. The advisory panel will be given approximately six months to reach a series of recommendations that will be presented to the Port Commission.

This informational presentation provides an overview of the following:

- The 1998 Port goals for new cruise terminal project;
- The public private partnership with SFCT at Piers 30-32;

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- The proposed planning process to re-evaluate the Piers 30-32 site plan and devise a strategy to implement the Project; and
- Public financing strategies that should be examined to pay for Project retrofitting costs and public benefits.

PORT GOALS FOR CRUISE TERMINAL PROJECT

On October 21, 1998, the Port Commission by Resolution No. 98-108 selected Piers 30-32 over Pier 27 and Pier 35 as the preferred location for development of a new state-of-the-art cruise terminal facility. Piers 30-32 was selected because: 1) the main berth on the eastern face is 40 feet deep and requires no dredging; 2) the large, rectangular shape of the pier and lack of existing structures, except for Red's Java House, allows for an efficient layout the meets the industry standards of dockside facilities; 3) Seawall Lot ("SWL") 330 across the street was available for development to generate funding for the substructure work; 4) the site is easily accessible from two freeways and public transit; and 5) the site enjoys passenger views from the ships as they sail beneath two bridges and the entire length of the San Francisco waterfront.

The basic requirements for a modern terminal at that time included:

Berths: Two berths at least 1,000 feet long and 35 feet deep, preferably that require little or no dredging, allow safe and easy maneuvering of cruise ships and tugs boats, and at least one of which is oriented parallel to the shore to provide for more efficient docking and operation.

Dockside facilities: Ability to safely and efficiently off-load, service and re-provision the ship by allowing for a minimum of 50 foot wide aprons, direct street access for service vehicles, a continuous passenger bridge, flexible gangways to service two ships simultaneously, secure covered storage area, and utility hook-ups for ships.

Terminal Building: A two story terminal of at least 80,000 square feet to house passenger check-in and waiting lounge areas, U.S. Customs processing areas, baggage check, visitor information services, and other amenities.

Security: An isolated and securable security zone meeting the requirements of U.S. Coast Guard's security statutes.

Vehicular Circulation: Adequate passenger drop-off and pick-up areas for buses, taxis and limousines, truck loading, and at least 250 parking spaces for passengers.

Mixed-Use Development: Space for major-revenue generating mixed use commercial development adjacent to or next to the terminal to help support the cost of the terminal and enliven the terminal when ships are not in port.

Public Access and Open Space: Ample space for public access and open space, including a bon voyage area.

PUBLIC-PRIVATE PARTNERSHIP WITH SFCT

The Port Commission directed staff to issue a developer Request for Proposals ("RFP") for a mixed-use development at Piers 30-32 and SWL 330 in which the Port's primary objective was to develop a state-of-the art James R. Herman cruise terminal facility. In May 1999, Port issued the RFP and in January 2000, after an extensive review and evaluation of qualifications and proposals received, the Port Commission authorized Port staff to enter into exclusive negotiations with SFCT. Through this public-private partnership established by the Port and SFCT, the Project achieved a number of important entitlements.

State Legislation and the Public Trust

In 2001, the State Legislature passed AB 1389 finding that the development of the proposed mixed-use cruise terminal project is consistent with the public trust doctrine. The basis of the Legislature's finding was the City's need for a new cruise terminal, a maritime use. To realize this maritime use, the legislation allowed for 325,000 leasable square feet of office and a limited amount of non-trust (e.g., neighborhood-serving) retail. The legislation accelerated the completion of the Brannan Street Wharf (adjacent to Piers 30-32 and identified in the BCDC Special Area Plan) such that construction of the northern portion of the Brannan Street Wharf must occur contemporaneously with development of Piers 30-32 and removal of Pier 36 and completion of the Brannan Street Wharf must occur no more than five years after the commencement of construction at Piers 30-32.

In January 2004, the California State Lands Commission approved a transfer of the public trust designation from approximately 0.5 acres of SWL 330 to bay fronting 7 acres of the former Western Pacific parcel in the southern waterfront adjacent to Pier 80, thus paving the way for development of residential uses (otherwise prohibited on public trust property) on this land to finance a portion of the cruise terminal project.

Environmental Review

On November 21, 2002, the Planning Commission certified the Final Supplement Environmental Impact Report ("FSEIR") for the Project on Piers 30-32, as well as 350 condominium units on SWL 330, and the Brannan Street Wharf. The Piers 30-32 program includes a partial reconfiguration and structural upgrade of the pier, a two-level 100,000 gross square foot cruise terminal which would be served by an 850 foot long berth along the pier's northern edge and a 1,000 foot long berth along the eastern edge. The mixed use development could include a total of 370,000 gross square feet (i.e., 325,000 net square feet) of office space, 220,000 square feet of retail/entertainment space, a 450 space parking garage and an open space program. The FSEIR mandates a number of mitigation measures to be met as part of the project implementation.

The Brannan Street Wharf project would involve removal of Pier 36 and its marginal wharf to be replaced by a 57,000 square foot new open space on a pile-supported wharf. Because of the Port's recent historical designation of its waterfront, additional environmental review needs to be undertaken prior to the demolition of Pier 36.

BCDC Permit

In 2003, BCDC approved Major Permit No. 5-03 for the cruise terminal project which authorizes pier structural upgrades and reconfiguration, the cruise terminal and mixed use development, and public access. The Permit imposed numerous conditions to be met, including certain environmental mitigation measures to be fulfilled with regard to cruise ship discharges and their potential impact on water quality; as well as methods to reduce air emissions by providing incentives for cruise lines to use low sulfur diesel fuel and determining the feasibility to implement shoreside power.

LDDA & Purchase and Sale Agreement

On March 25, 2003 and July 15, 2003, the Port Commission and the Board of Supervisors approved, respectively, the LDDA and the Purchase and Sale Agreement with SFCT for a portion of SWL 330. These agreements were structured such that it met the goals and objectives established by the Port in 1998. The Port would receive approximately $114 million of privately financed public improvements that would include a two berth cruise terminal facility, repair and seismic pier upgrade, five acres of public access space on Piers 30-32 and 1.7 acres of open space on the Brannan Street Wharf. The LDDA contemplated a three phased project.

Phase 1

As described above, under the initial phase governed by the Purchase and Sale Agreement, the Port effected an exchange of the public trust from a half acre portion of SWL 330 ("condo site") with a portion of the Western Pacific site, and sold the half acre site to SFCT for construction of a condominium tower. The sales price for the condo site was $9,324,000, $9.0 million of which was paid to the Port at close of escrow on March 2, 2004. The remaining $324,000 obligation plus interest has been paid to the Port from the sale of condominium units. The Port will also participate in sales proceeds from individual condominium units after SFCT pays debt service and receives return on its equity contribution. The Port will then share profits equally with SFCT until the condo sales produce a 12.5% return, after which any remaining excess proceeds go to the Port.

The 136 unit condominium tower, known as the Watermark, has been completed. Sixteen of these units are designated below-market rate units. To date, 80 units have been sold, 29 are under contract and the remaining 27 are on the market.

At the time the Purchase and Sale Agreement was approved by the Port Commission, the Port's amount of participation in the sales proceeds was projected to be $20.4 million. Currently, this amount is projected to be nearly $30 million. Upon close of escrow of the LDDA for Piers 30-32 (Phase 3), the Port would use all funds received by the Port from its participation in the sales of condominium units to reimburse SFCT for costs of the Project on Piers 30-32. If SFCT does not proceed with the Piers 30-32 project, the Port retains all such excess funds for any purposes determined by the Port.

Phase 2

In the second phase governed by the LDDA, once the Port obtained a total of $15 million (comprised of the $9 million condo site purchase price and an additional $6 million obligated in the Port capital funds from its Bay Conservation and Development Commission ("BCDC") Special

Area Plan fund), SFCT would demolish Pier 36 and construct the Brannan Street Wharf if sufficient funds are available. Port staff has completed schematic design of the Brannan Street Wharf, and Bovis Lend Lease, on behalf of SFCT, prepared a cost estimate based on that design. This project is currently under-funded as the construction budget of $20.1 million exceeds the available funds of approximately $15.7 million, which includes accumulated interest.

Phase 3

In the third phase, upon satisfaction of certain conditions precedent stipulated under the LDDA, the Port would then deliver through escrow a 66 year lease to SFCT for construction and operation of the Project. The deadline for this escrow to close was April 30, 2006, with two one-year options to extend that deadline by payment of a $150,000 for each extension.

On December 27, 2005, SFCT informed the Port that it did not plan to exercise its option by the deadline date of February 1, 2006 and did not expect to satisfy the condition to close escrow by the deadline of April 30, 2006. SFCT submitted a notice to extend the option to the LDDA to extend the escrow close date from April 30, 2006 to April 30, 2007, but proposed to defer its required option payment until February 1, 2007. SFCT cited that "due to continually rising construction costs, the high cost of retrofitting the pier, the cost of the cruise terminal building and the current commercial office market conditions, the project does not generate the necessary financial returns."

The Port allowed a one month deferment of the SFCT option payment subject to submittal of detailed Bovis Lend Lease construction cost estimates and a financially-feasible Project proposal. Accordingly, SFCT submitted detailed construction cost estimates and a proposal to allow SFCT to develop the remainder of SWL 330 to further subsidize the Project (a proposal requiring new or amended Project entitlements). SFCT still did not provide its required option payment. The Port therefore notified SFCT that its option had expired and had failed to satisfy the conditions precedent to the close of escrow by April 30, 2006. The Port informed SFCT that it had 30 days to cure this default.

The detailed construction cost estimate provided by SFCT indicated that the total substructure cost, which was estimated at $56.6 million in 2003 had escalated to $82.2 million, an increase of 45%. Similarly, the cruise terminal cost, based on the schematic design, was estimated to cost $42.1 million in 2003. By 2006, Bovis Lend Lease projected the cost to be $52.5 million, an increase of 24%. As noted above, the Brannan Street Wharf costs rose by approximately 37% as well.

Though the revenues to the Port from the sale of condominium units exceeded 2003 projections, they do not cover the increases in Project costs. Consequently, the anticipated return from the Project fell short of the threshold that SFCT requires to initiate the Project.

On May 12, SFCT requested that the Port assign the LDDA to DeBartolo Development. Allowing discussions to proceed regarding a potential cruise terminal/mixed use development proposal from DeBartolo Development, the Port granted a 45 day extension on July 14, 2006, for SFCT to cure its default under the LDDA to close escrow which was further extended until September 15, 2006. The DeBartolo Development team prepared a preliminary analysis of the Project utilizing the current entitlements. DeBartolo determined that the project as it is currently entitled does not generate its required financial return.

To make the project financially feasible, DeBartolo Development proposed that the size of the cruise terminal facility needed to be reduced, the amount of retail commercial area on the pier needed to be increased, and/or the Port needed to further subsidize the development by extending Project development rights to the remainder of SWL 330. These changes would require, at a minimum, public trust approvals by the California State Lands Commission or the State Legislature, Board of Supervisors approval, an amendment to the BCDC Permit, an amendment to the EIR by the Planning Commission, and amendments to the LDDA.

When the LDDA and Purchase and Sale agreement was entered into in 2003, it was expected that the economic returns generated from the mixed-use development on Piers 30-32 combined with partial development on SWL 330 would be sufficient to cover the public improvements consisting of substructure, cruise terminal and public access/open space. Due to increased costs of the public improvements, in particular the substructure, it is now clear that the Project cannot be successfully undertaken as a public-private partnership development project without significant public subsidy and/or major changes to the anticipated public benefits, project design and/or the existing entitlements. The Port has therefore determined that there is no basis for either extending the outside escrow closing deadline or to consent to the requested assignment of the LDDA. The LDDA will expire on September 15, 2006.

Although the LDDA will expire on September 15, 2006, it is important to note that the Port has secured important development entitlements for the Project and, through the success of the Watermark development, is expected to accumulate approximately $30 million for potential development on Piers 30-32 as well as over $9 million (plus $6 million allocated from the Port's capital plan) for the Brannan Street Wharf. Port staff believes that a planning process is needed to identify how this can be utilized to make the cruise terminal a reality.

PLANNING PROCESS TO IMPLEMENT CRUISE TERMINAL

1. Update of Port Goals

As a starting point, it is necessary to review and update the Port's goals and objectives of the cruise terminal at Piers 30-32. Port staff believes that a two berth terminal at Piers 30-32 is the best, long-term solution for cruise ship berthing. If such a two berth terminal can be constructed on Piers 30-32, then the reliance on Piers 35 or 27 can be reduced to shorter port-of-call visits.

While the basic requirements for a modern terminal as articulated in 1998 still remain mostly true, the last eight years have seen significant changes to the Port of San Francisco and the cruise industry in general:

- The number of cruise ships visiting the Port has increased. In 1998, 27 cruise ships called while in 2005 there were 84 cruise ships berthed at the Port. Similarly, the total number of passengers increased from 33,870 in 1998 to 211,646 in 2005. This year's passenger counts, projected at 238,000 passengers, are expected to contribute $60 million to the City's economy.

- The 1998 project plan assumed two 1,000 foot berths to accommodate ships that were at that time averaging 650 to 900 feet in length and carrying 1,500 passengers and projected that the next generation of cruise ships would be 1,030 feet in length carrying approximately 3,000 passengers. The cruise industry is now building bigger ships than was envisioned eight years ago. The new "Genesis" cruise product will be 1,180 feet long and may hold as many as 5,400 passengers.

- While the 1998 project plan called for a two-story, 80,000 square foot terminal, the Port and SFCT agreed to a 100,000 square foot facility in its 2003 agreement. Due to larger ships, terminal capacity should be much larger (possibly as large as 120,000 square feet for each berth) to handle the projected passenger load. While the terminal may need to be larger, this could allow for flexible terminal space designed to double as event center space. Recently constructed cruise terminals, namely in Bayonne, New Jersey, Terminal 30 in Seattle, Washington and Barcelona, Spain, have relied on their flexible use of space and their ability to process passengers quickly and efficiently. Cruise lines have expressed a strong preference for functional terminals rather than mixed-use cruise terminals.

- Since 2001, Federal TSA security regulations have become tighter which has increased the need for additional secure areas. These requirements may have already compromised the current 100,000 square foot terminal design and may restrict the use of the northern berth due to its proximity to pedestrian traffic on Herb Caen Way. A mixed use development also requires additional security personnel which would drive up the costs of cruise terminal operations.

- Local cruise demand has shown that the Port has become more of a "drive-to" market necessitating increased demand for cruise parking. The SFCT plan called for a 425 space garage which would be shared with retail and office users. Operationally, the 1998 project plan would have required unidentified off-site, satellite parking to supplement on-site parking.

- Environmental protections have increased since 1998. In response to the FSEIR and the BCDC permit, the Port Commission established an advisory air and water quality group, known as CTEAC, which over the course of two years researched and developed recommendations to implement feasible measures to restrict ballast water and wastewater discharge into the Bay as well as to provide incentives to cruise lines to use low sulfur fuel and develop a feasible strategy to implement shoreside power hook-up installation to mitigate air quality impacts at Piers 30-32.

The development of a revised site plan must take into account these factors so that the cruise terminal truly becomes a state-of-the-art project that can be flexible in response to future cruise industry trends.

2. Preliminary Revised Piers 30-32 Site Plan

Given the changes in the industry and the terminal requirements since 1998, Port staff has commenced an initial process to revisit the Piers 30-32 site plan based on the long-term goals and

objectives for San Francisco's cruise industry. This analysis begins with the condition of the pier substructure at Piers 30-32 which was constructed at different times in three major sections. The original Piers 30 and 32 were built in 1912; this section is supported on 1,615 concrete piles with diameters ranging from 36" to 48". In 1926, extensions to both piers were built. These are supported by 512 20-inch square concrete piles. The pier was reconfigured as a single pier in 1950. This infill portion is supported on 1,656 19-inch concrete piles. Not surprisingly, the 1950 section is in relatively good condition, and the 1912 sections are the most damaged. Attachment A shows the rough condition of Piers 30-32 with the cross-hatched portions showing the most damaged sections.

The SFCT schematic design assumed utilizing most of the pier structure for both the mixed use and cruise terminal components. SFCT proposed to reconfigure the existing pier by removing approximately 33,530 square feet of pile supported decking to create a lagoon, but it would add approximately 29,510 square feet for a southern extension to allow for cruise ship berthing on the eastern face, and an additional new concrete deck of approximately 543,470 square feet on the southern edge. This substructure plan was estimated to cost $82.2 million.

To develop possible site reconfigurations for consideration by the Port Commission and the cruise terminal advisory panel, Port staff consulted with Phil Crannell, a leading cruise terminal design consultant. With the assistance of Mr. Crannell, Port Engineering, Planning and Development and Maritime staff developed several possible preliminary site plans for a Piers 30-32 cruise terminal. Staff's initial revised site plans maximize maritime needs, while attempting to minimize substructure repair and seismic retrofit and reduce the Port's annual need for dredging.

Preliminary Option 1

Given the potential cruise ship size, passenger counts, and number of calls, the optimal master plan would ultimately accommodate at least two 1,000-1,200 foot cruise ships simultaneously. This could be accomplished on the eastern berth with northern and southern extensions on the either side of the pier.

As shown in Attachment B, an initial phase for this concept could consist of a single berth capable of supporting up to a 1,000 foot long cruise ship. This concept would require no additional pier area. The footprint of the cruise terminal could be located on the strongest part of the existing pier. Total area for the cruise terminal facility would be 120,000 square feet divided into an 80,000 square foot first floor and a 40,000 square foot second floor. The resulting combination of no additional pier extensions and optimized use of the strongest area of the pier would likely make this the most economical development concept. The remaining area could accommodate parking, leasable event space or open space or serve as a potential pad for future development. However, any such development should assume sizable costs for seismic upgrades to support required loads.

Preliminary Option 2

Mr. Crannell advised that Piers 30-32 could be expanded to support two 1,000-1,200 foot berths. Attachment C shows this concept. This approach would include new pier extensions. A new cruise terminal facility that ultimately accommodates the size and capacity of future passenger loads would be an approximately 240,000 square foot facility. The terminal could be expanded by adding 60 foot by 400 foot wings to the eastern berth. Option 2 allows two cruise ships to simultaneously berth at Piers 30-32.

Preliminary Option 3

The site plan shown on Attachment D is similar to the concept above, but focuses on illustrating how the addition of 80,000 square feet could be added to the first phase passenger terminal to achieve a total of two 120,000 square foot buildings with 80,000 square feet of lower level area for each berth. Upon completion, the combined 160,000 square foot of lower area would be split down the middle as shown in Attachment C. The primary difference between Options 2 and 3 are the elevated walkways connecting the terminal facility to the gangways.

The architectural design of this approach would be consistent with the quality of design along the waterfront and other public transportation terminals in San Francisco. Developing a high quality terminal would not only serve as a waterfront icon, but serve to attract users as an event space. Recent studies have shown significant demand for waterfront event spaces. The cruise terminal serving as an event or convention center space on non-cruise days could generate an added revenue stream.

The primary deficiencies of these preliminary site plans are: 1) only a portion of the pier would be initially repaired or seismically retrofitted; 2) a two berth master plan, unless phased, could be very expensive; and 3) without a mixed-use development providing income to the project, the funding of the project is much more difficult.

3. Cruise Terminal Advisory Panel

The Port Executive Director proposes to appoint a Cruise Terminal Advisory Panel ("Advisory Panel") composed of five to seven experts representing different backgrounds: private development, engineering, maritime industry, public finance, as well as civic and community organizations. The mission of the Panel is to recommend a long-term master plan and a strategy to implement the cruise terminal project, including the adjacent Brannan Street Wharf.

To assist the Advisory Panel, the Port has already contracted with Mr. Crannell to provide advice with regard to the site plan, terminal design and operations. The Port will require additional assistance to assess and provide guidance with respect to substructure repair and seismic retrofit cost options. Public finance and/or economic consultants may be needed to address financing alternatives and the financial feasibility of the possible pads for future mixed use development. Port staff will continue to coordinate with the cruise lines and other maritime entities to solicit their input and guidance regarding the future needs of the cruise industry.

Based on advice from these sources, the Advisory Panel will recommend a Piers 30-32 Project master plan to the Port Commission based on cost considerations, functionality and entitlements. The Advisory Panel will also evaluate potential funding sources required to deliver a cruise terminal and its associated public benefits, including how to leverage the approximately $45 million of existing and expected funds from the Watermark and Brannan Street Wharf funding sources with other public funding sources. Options for public financing include but are not limited to:

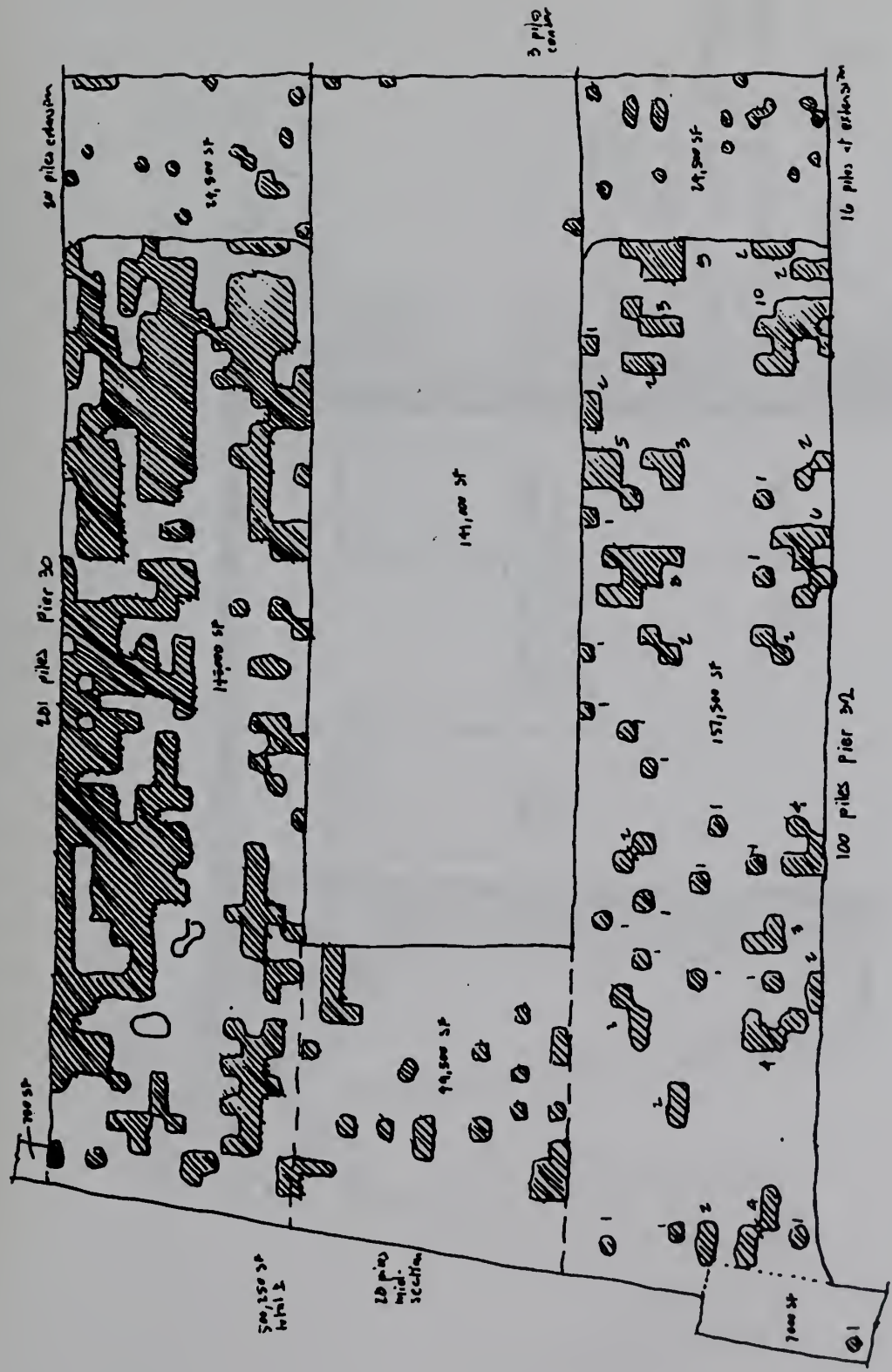
- City General Obligation bond funding for some or all of the public improvements envisioned by the Project;

- Hotel tax proceeds to finance flexible cruise terminal/event space once Moscone Center revenue bonds are retired;
- Tax increment financing through establishment of an Infrastructure Financing District (subject to Board of Supervisors approval);
- Other local tax increment from the Project (such as sales tax or payroll tax); and
- Other federal, state or local subsidies.

If, as estimated by SFCT, the cruise terminal construction cost increases are approximately $80 million, the Port may be able to partially offset these costs with other project-specific potential sources, including: slightly increased passenger fees, parking fees, and event space rentals.
In addition to recommending a Project master plan, the Advisory Panel will provide a recommendation as to whether the project should be competitively re-bid to private developers or if there is a justification to seek a sole-source waiver for the revised Project from the Board of Supervisors. Alternatively, the Advisory Panel may recommend that the Port Commission consider developing this project as a public works project that utilizes funds from various sources, if feasible.

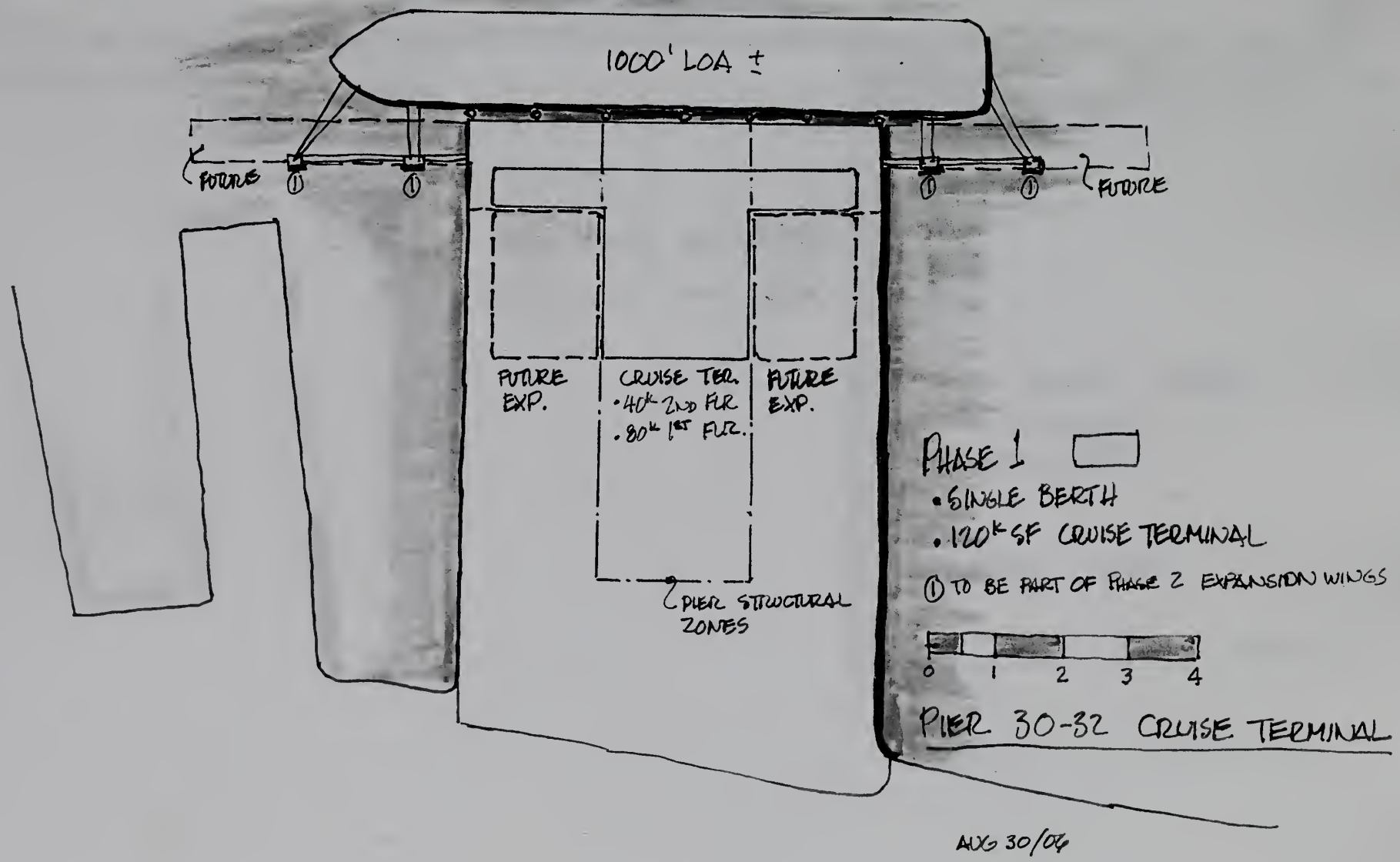
The Advisory Panel's recommendations will be delivered to the Port Commission for its consideration in Spring 2007.

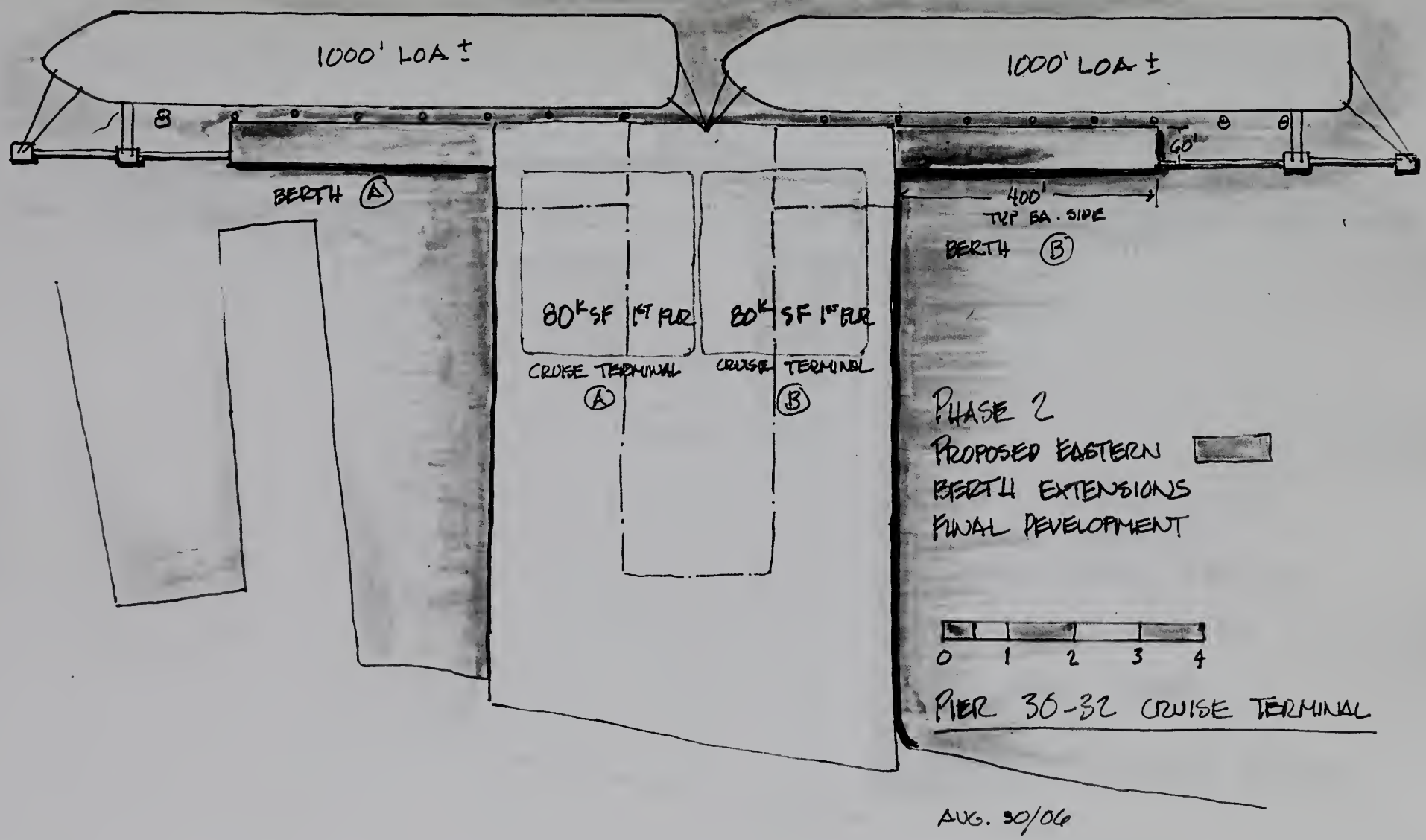
Prepared by: John Doll
Project Manager
Planning & Development



ATTACHMENT "A"

ATTACHMENT "B"





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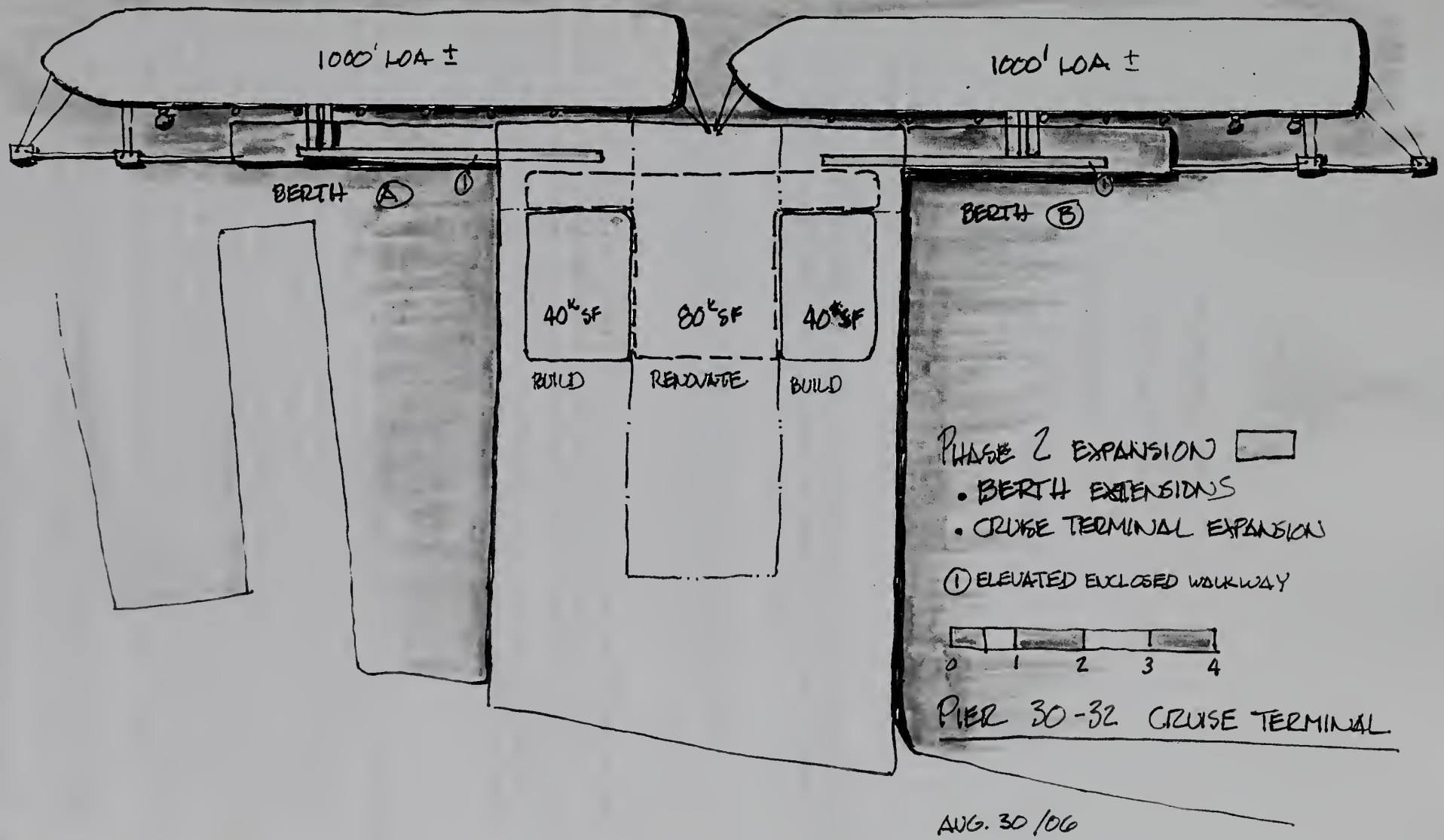

ATTACHMENT "D"

PORT OF SAN FRANCISCO

MEMORANDUM

September 6, 2006

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Wilfred Hsu

FROM: Monique Moyer
Executive Director

SUBJECT: Request for Authorization to Award a Professional Services Contract to Literacy for Environmental Justice, for Education and Public Participation Programs at Heron's Head Park in an Amount Not to Exceed $340,000.

DIRECTOR'S RECOMMENDATION: ADOPT RESOLUTION AUTHORIZING CONTRACT AWARD TO LITERACY FOR ENVIRONMENTAL JUSTICE

Introduction
Port staff requests that the Port Commission authorize the award of a contract for professional services to Literacy for Environmental Justice (LEJ) to provide education and public participation programs and habitat enhancement services at Heron's Head Park in an amount not to exceed $340,000. This staff recommendation for contract award is based upon a formal competitive selection process. The recommendation is also consistent with the findings of the selection committee for this procurement process.

Background
At its meeting on July 5, 2006, the Port Commission authorized staff to advertise a Request for Proposals (RFP) to provide education and public participation programs and habitat enhancement services in support of the Port's operation and maintenance of Heron's Head Park. This contract will enable the Port to continue offering educational and recreational opportunities to the many and varied constituents that Heron's Head Park serves. As in the past, these services will bring great value to the Port through community and volunteer-based care and maintenance, efforts which are possible only through public participation. The contract will also enable the Port to implement grant-funded revegetation along the wetlands at Heron's Head Park, with the participation of local youth, students and other volunteers.

The Civil Service Commission authorized issuance of the RFP at its meeting on July 3, 2006. On July 12, 2006, staff advertised the subject RFP with a proposal due date of August 7, 2006,

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which was subsequently revised by Addendum #1 to August 14, 2006. The evaluation scoring for the proposal submittal and the interview was equally divided at fifty percent (50%). San Francisco Human Rights Commission (HRC) staff set a local Disadvantaged Business Enterprise (DBE) sub-consulting participation goal of 15% for the contract services. Port staff sent announcements to all DBE firms with relevant HRC certifications, reaching approximately 125 non-profit organizations and firms with expertise in environmental education, public outreach, community relations and environmental consulting located throughout the Bay Area. The RFP was advertised in the San Francisco Examiner, the Small Business Exchange, City and County of San Francisco's Office of Contract Administration website and the Port of San Francisco website.

Ten organizations attended the pre-proposal conference, and another five requested pre-proposal notes and addenda to the RFP by mail or e-mail. Port staff received proposals from two organizations: Life Frames, Inc. and Literacy for Environmental Justice (LEJ). Both proposals demonstrated compliance with the DBE participation goal and administrative requirements applicable to the submittal of proposals.

A selection committee evaluated the RFP responses and interviewed the two organizations. That selection committee included David Beaupre, Port Planner, Jody Zaitlin, Environmental Scientist for the Port of Oakland, and Conrad Benedicto, Executive Director of the Wilderness Arts and Literacy Collaborative.

The selection committee reviewed and evaluated the proposals using the criteria specified in the RFP: the firm's understanding of the project and tasks to be completed; their experience and expertise in conducting the work to be performed under contract to the Port; the qualifications of staff assigned to the project, and the organization and clarity of both the proposal and a sample work product. The evaluation process also included consideration of the proposed allocation of staff resources; the reasonableness of the work schedule; the proposed fee schedule, and results of reference checks.

Although both firm's offered valuable skills and perspectives on the proposed work, the selection committee found that LEJ's proposal and responses to interview questions demonstrated a substantially better understanding of the technical issues associated with wetland habitat enhancement and more experience in the wetland habitat enhancement and related educational tasks to be performed under this contract. Life Frames proposed the lowest total fee of $322,752, and therefore received the highest score of 10 points assigned to that selection criterion. LEJ proposed a total fee of $340,000, which the fee calculation formula provided by the Office of Contract Administration determined to earn 9.5 points. LEJ's proposal provided more allocation of staff time and represented the best overall value to the Port when the fee was considered with all other selection of criteria.

Following the interviews, the selection committee members' scores were tallied to determine the ranking of the firms interviewed. The selection committee numerically weighted all selection criteria, including proposed fees, to select the most responsive and qualified respondent. A summary of the scores, including rankings for each phase of the selection process, is attached to this staff report. Based upon this process, the selection committee found LEJ to be the highest-ranked firm under the RFP criteria.

The existing contract for education and public participation programs at Heron's Head Park ends September 30, 2006. Should the Port Commission approve staff's recommendation and adopt the attached Resolution authorizing contract award to LEJ, staff anticipates that a notice to proceed could be issued by October 2006. The proposed contract term is four years: October 2006 through September 2010 depending on funding availability.

Scope of Services

The proposed scope of work will continue the existing education, outreach, volunteer coordination, and park operations services provided under the current contract, and implement wetland revegetation efforts. Tasks to be performed under the proposed contract include, but may not be limited to, the following:

- Developing and conducting classroom and on-site environmental education programs for K-12 schools, community college and university students and teachers.
- Supporting continued involvement by teachers who have developed curriculum associated with Heron's Head Park and working with new teachers to develop their capacity to use the park in their curriculum.
- Organizing and staffing community participation events and other volunteer opportunities at the park.
- Working closely with Port staff to support the Port's operation and maintenance efforts.
- Promoting public awareness and support for the park through media, community outreach, and other venues.
- Planning a teachers' training workshop to support educators in developing their technical expertise and capacity to conduct their own educational programs.
- Developing planting, maintenance and monitoring plans for revegetation of the transition zone, developing a source of transition zone plants, planting, weeding, monitoring and reporting on the success of the revegetation effort.

Funding

Pending Port Commission approval, staff will award a four-year contract for as-needed services, at a total not-to-exceed value of $340,000, depending on availability of funds. The Port has allocated $71,500 in the FY 2006/07 operating budget to support public programs at Heron's Head Park. The Port anticipates supporting the public programs at Heron's Head Park through the operating budget in subsequent years, depending upon availability of funds. Additionally, up to $113,300 of grant funding is available for the first two years of the proposed transition zone habitat enhancement work, and a total of $137,000, including the $113,300 available in the first two years, is reserved for the proposed revegetation, maintenance and monitoring at Heron's Head Park by the San Francisco Bay Natural Resources Restoration Fund.

Summary of Recommendations

In summary, Port staff requests adoption of the attached resolution authorizing a contract award to Literacy for Environmental Justice to provide education and public participation programs and habitat enhancement services in an amount not to exceed $340,000 (depending upon funding availability), and for a term not to extend beyond the end of September 2010.

Prepared by: Norma Nelson, Contracts Manager
For: Byron Rhett, Deputy Director of Planning & Development
Carol Bach, Environmental & Regulatory Affairs Manager

RFP: Heron's Head Park Education and Public Participation
SUBMITTAL DUE DATE: August 14, 2006

Paper Screening Scores 8/17/06 *(Fee Proposal & Reference Scores added by Contract Manager)*

Firm Name	Raw Total Score	Ave. Score	Rank
Literacy for Environmental Justice	266.5	88.8	1
Life Frames, Inc. & A Living Library	205	68.3	2

Maximum Score = 100 @ 50% weight

8/22/06 INTERVIEW SCORES

Firm Name	Raw Total Score	Ave. Score	Rank
Literacy for Environmental Justice	269	89.7	1
Life Frames, Inc. & A Living Library	223	74.3	2

Maximum Score = 100 @ 50% weight

Reference Scores as Added *(Evaluation performed by Asst. Dpty Director for P&D)*

Firm Name	Rank	Score
Literacy for Environmental Justice	1	3
Life Frames, Inc. & A Living Library	1	3

Maximum Score = 5 points each

Fee Proposal Score as Added

Firm Name	Rank	Score
Literacy for Environmental Justice	2	9.5
Life Frames, Inc. & A Living Library	1	10

Maximum Score = 10 points each

8/22/06 COMBINED SCORES

Firm Name	Raw Total Score	Ave. Score	Rank
Literacy for Environmental Justice	535.5	89.3	1
Life Frames, Inc. & A Living Library	428	71.3	2

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 06-63

WHEREAS, on July 5, 2006, the Port Commission adopted Resolution 06-54, authorizing staff to advertise a Request for Proposals ("RFP") soliciting education, public outreach and habitat enhancement services in support of Heron's Head Park; and

WHEREAS, the Port wishes to provide education, public participation and volunteer opportunities, and enhance wetland habitat at Heron's Head Park; and

WHEREAS, on July 12, 2006, Port staff issued the subject RFP and received two responses; and

WHEREAS, the Port's selection committee reviewed and evaluated all responses to the RFP, and determined Literacy for Environmental Justice to be the most qualified respondent and, therefore, the highest ranked firm to provide the Port with the desired services; and

WHEREAS, Port staff have allocated $71,500 in funding from the Fiscal Year 2006-07 Operating Budget to support this work; now, therefore, be it

RESOLVED, that the San Francisco Port Commission hereby authorizes staff to award a contract for professional services to Literacy for Environmental Justice for education and public participation programs and habitat enhancement services in support of Heron's Head Park, as described more particularly in the staff report accompanying this resolution, in an amount not to exceed $340,000, depending upon funding availability, and for a term not to extend beyond September 31, 2010; and be it further

RESOLVED, that the San Francisco Port Commission authorizes the Executive Director to accept the contract work upon completion.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of September 12, 2006.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

September 6, 2006

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Wilfred Hsu
Hon. Michael Hardeman

FROM: Monique Moyer
Executive Director MMoyer

SUBJECT: No Action Required – Informational Presentation on Salt River Construction's Lease Proposal at Pier 96

DIRECTOR'S RECOMMENDATION: No Action Required.

Background

Port staff is working with Salt River Construction Corp., a local Bay Area company, to develop a lease for 20,000 square feet of land at Pier 96 (west of the Norcal site), along with 10,000 square feet of water adjacent to the landsite. Clean soil from various construction projects and small pieces (less than one cubic foot) of recycled concrete will be delivered to the site by truck for loading via a conveyor system to barges. The material will then be barged to the Delta for use in the State of California's emergency repairs to its Levees.

Salt River Construction Corp. was formed in 1988 and is headquartered in Tiburon, California. They are now in their 18th year providing dredging and yacht harbor maintenance and construction services in the Bay Area. Their services include levee repair and retrofit for the Sacramento Delta, with two barge-loading sites established in Pittsburg and in Solano County.

Lease Terms

The term of the lease will be for three years. Total annual revenue to the Port is estimated to be between $58,200 to $200,000 depending on the amount of material moved through the site. Land rental rate is $0.22 per square foot per month and water rental rate is $0.05 per square foot per month. Wharfage will be charged at a rate of $0.90 per 1000 kgs once wharfage exceeds the monthly land lease rate of $58,200. The minimum monthly rental of $58,200 equates to movement of up to 58,000 tons. Additional rent will accrue on each ton in excess of 58,000 tons moved per year and each ton will be rated at $0.90 per 1000 kgs.

Additionally as a material requirement of the lease, Salt River Construction will be required to issue a letter of credit to the Port of San Francisco in an amount sufficient to cover the costs of any potential environmental clean up.

This Print Covers Calendar Item No. 5A

Environmental Overview
All material delivered to the site will have been tested clean by the end-users and approved by the California Regional Water Quality Control Board before it is accepted by Salt River Construction. California Regional Water Quality Control Board Guidelines for Wetland Cover will be used for the basis of testing and screening the material to ensure that no contaminated soil is accepted. Local Contractors who are supplying soil to the end-user and are delivering that soil and concrete to Pier 96 for delivery to the end-user, will be required to receive approval from the Water Quality Board as well as the independent engineering firms that oversee the levee districts were the material is destined. Additionally Salt River Construction will ensure that the Maher Ordinance provisions are followed for soils originating from the portion of San Francisco where the Maher Ordinance applies. Soil from the Maher zones will only be accepted from those contractors that have verifiable permits from the City of San Francisco. Approximately 5% of arriving material at the site will be clean concrete that is less than one cubic foot in size. No crushing or processing of concrete will be allowed on the site. Concrete containing asbestos pipe or any paint coatings will not be allowed. The concrete will only be accepted upon proof from contractors that the concrete has been tested and is acceptable for shipment by the State of California agents handling the levee repairs. Additionally, a visual inspection will be done on the concrete by Salt River Construction prior to discharge at the site. A copy of all permits will be available to Port Staff for review as required.

Equipment used at site
A late model loader or excavator (2003 or later) will be used to load the soil to the conveyor system. The model used will have been approved the Bay Area Air Quality Control Board. The conveyor system will be a late model and run off power from a portable generator approved by the Bay Area Air Quality Control Board. Tugboats used to move the non motorized barges have all been re-powered with Carl Moyer grants within the last three years, and use late model engines approved by the Bay Area Air Quality Control Board. The lease will require the use of only late model equipment and Salt River Construction will be assessed an administrative charge to defray Port's costs associated with monitoring each violation thereof.

Required Mitigation Measures
As a condition of the lease, Salt River Construction will be required to implement environmental mitigation measures as stated in the Southern Waterfront SEIR. These will include best management practices (BMPs) for dust abatement, storm water pollution prevention, and material screening methods as outlined above.

Other
Salt River Construction will contract with Metropolitan Stevedore to hire ILWU labor to manage the site and load the barges. They will also hire and train a barge deckhand from the local community. As operations expand, they will increase the number of locally hired personnel.

The proposed lease was presented to the Southern Waterfront Advisory Committee at their meeting held August 30, 2006 and SWAC supports the lease. They have asked that Salt River Construction return to the Committee in four months after the lease is executed to review the progress of the operations and provide input if necessary.

The Lease will be brought before the next Port Commission meeting for approval provided CEQA issues are satisfied.

Prepared by: J. Simpson-Rodby, Maritime Marketing Manager

SAN FRANCISCO PORT COMMISSION

SEPTEMBER 12, 2006
MINUTES OF THE MEETING

DOCUMENTS DEPT.

SEP 22 2006

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MEMBERS, PORT COMMISSION

HON. ANN LAZARUS, PRESIDENT
HON. KIMBERLY BRANDON, VICE PRESIDENT
HON. MICHAEL HARDEMAN
HON. WILFRED HSU

MONIQUE MOYER, EXECUTIVE DIRECTOR
AMY QUESADA, COMMISSION SECRETARY

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE SPECIAL MEETING
SEPTEMBER 12, 2006

1. CALL TO ORDER / ROLL CALL

Commission President Ann Lazarus called the meeting to order at 2:05 p.m. The following Commissioners were present: Ann Lazarus, Kimberly Brandon, Michael Hardeman and Wilfred Hsu.

2. APPROVAL OF MINUTES - August 8, 2006

ACTION: Commissioner Hardeman moved approval; Commissioner Hsu seconded the motion. All of the Commissioners were in favor; the minutes of the August 8, 2006 meeting were adopted.

3. EXECUTIVE

A. Executive Director's Report. Executive Director Monique Moyer reported the following:

- One Big Man & One Big Truck Moving Company - Awarded the 2006 Best Entrepreneur Award from the San Francisco Renaissance Entrepreneurship Center. Next week, One Big Man and One Big Truck Moving Company, a Port tenant, will be receiving an award from the SF Renaissance Entrepreneurship Center for best entrepreneur award of the year. The Port is proud of them and we send our kudos out to the moving company.

- Planning Committee for Seawall Lot 337 (San Francisco Giants Parking Lot A) located at and adjacent to the intersection of Terry Francois Blvd. and Third Street. The proposed process is to have two members of the Port Commission hold periodic public meetings to provide open public forum to review and discuss planning and land use issues and options for that site. Commissioners Lazarus and Brandon have graciously accepted staff's invitation to donate more of their time to help staff with this planning process. The meetings will be supplemented by public workshops led by Port staff to ultimately develop an updated land use program for Seawall Lot 337. The planning process is slated to start in late fall. It is a big task because Lot A is zoned under the City's General Plan for wetlands under the Waterfront Land Use Plan (WLUP) for cargo support and a number of other overlays that we would have to address so that we can move forward with how we can leverage that property to our advantage.

- Collapse of Mooring Pier at Pier 96. On August 16, 2006, the Port was notified that approximately 200 feet of the eastern most end of Pier 96 mooring pier

between the Norcal and Heron's Head Park, collapsed. Engineering staff performed a rapid structural assessment and a dive survey of the pier on August 21 and 30. Port maintenance has removed all of the debris that they could remove to prevent any navigational hazard in the area. Nonetheless, the pier is resting in the water. There are lampposts sticking up out of the water. Twenty bents of pilings failed; each bent consisted of two piles and a bearing beam. They gave way and slid into the mud floor. The western inshore end of the pier, supported by eight bents of piles, had collapsed in prior years. Clearly, we now need to remove this pier. It is a hazard and we will be looking at how to fund that work as soon as possible and get the work underway. We hope to get it done sooner than some of the other piers that are slated for demolition.

- Partial closure of Pier 43. Approximately 8,100 square feet of Pier 43 deck (along Little Embarcadero, south of the Arch) has been barricaded and taken out of service due to a deteriorated substructure. Staff has determined that it's no longer safe even for pedestrian traffic. We've long since removed our load limits from it in the past. Due to extent of this repair and the timing requirements for needed permits, it is likely that this pier section will be out of use for Fleet Week. Fortunately, there are no tenants that are impacted. There will be some inconvenience for people visiting our tenants but it didn't require the relocation of any facilities or any tenants.

- Pilot Meter Project Update. Staff received six bids from parking meter companies who will pilot their equipment at different locations along the waterfront for free. This is a great service that the Port has been able to tap into. They will be installed in parking spaces that currently have the Street Line sensors so we can get a good idea how many actual parking sessions are paid. The sensors have been telling us what the volume is of vehicles actually parking. Now we have to wait to relate that volume to who is actually paying and how much they are paying, whether they are getting the ticketing services that we purchased from DPT, etc. We have also established a steering committee with representatives from the Department of Parking and Traffic, Controller's Office, and the Port to oversee the pilot project and help us determine whether we want to replace some or all of the Port's single space meters with multi-space meters as well as to evaluate the impact the alternative prices approved by the Commission for the pilot have on demand for parking spaces. We will report back to the Commission the results from the pilot and recommendations on next steps. We hope to select a vendor and find some money and start installing new, state-of-the-art, much more convenient parking meters.

- The Waterfront Transit Authority Presents Lunch for the Office Bunch aboard the Golden Gate Sausalito Ferry starting on September 8, 2006 and Lunch for the Office Bunch aboard the Alameda-Oakland Ferry on September 22, 2006.

- Rincon Park Restaurants Ground Breaking Ceremony – September 8, 2006. Albeit a chilly day, the groundbreaking ceremony had a great turnout. Commissioner Lazarus was the emcee and she did a fantastic job. She was a little bit upstaged by

Pat Kuleto who was not shy of the camera. Kudos to Kari Kilstrom and Port staff for an incredible achievement and fortitude in four long years of negotiations.

- Family Safety Day – September 10, 2006

- California Coastal Clean Up Day – September 16, 2006 – There will be 20 locations around the City and 700 locations around the State where volunteers will gather, 3 of those will be on Port property – Heron's Head Park, Warm Water Cove and Mission Creek. We're very pleased about the opportunity to have litter removed from our property through volunteerism.

- 2006 South Beach/Mission Bay Block Party - September 17, 2006 – There is a block party at the South Beach/Mission Bay area which will, among many things, commemorate the opening of the Pier 40 South Beach Park and McCovey Cove as well as the dedication of the new Harbor Services Building. Our kudos to the Redevelopment Agency. There will be many activities for the kids. There will be music and barbecue provided by Delancey Street. The Potomac will be offering cruises.

- Fireman's Fund Donation equipment for the Fireboat – September 19, 2006 – S.P. Tarantino, a Port tenant, in conjunction with Fireman's Fund Insurance has granted to the Fire Department shy of $10,000 for the Fireboat Phoenix. The funding will be used to purchase new computerized, search and rescue equipment so that the Phoenix will now have a new extreme environmental video camera, sea charting software and color monitors to better find victims who might be stranded in the bay. It will include thermal imaging cameras for instances where the visibility is very poor. This initiative grew out of the tragedy that we experienced at Pier 7 when we lost those three children. A heartfelt thanks to the Tarantino's and the Fireman's Fund for their donation to the Fire Department.

- San Francisco Heart Walk – September 22, 2006

- Race for the Cure – September 24, 2006

- Commendation to Mirian Saez, Former Deputy Director of Real Estate –Ms. Moyer recognized Ms. Saez's contributions during her 15-16 months tenure at the Port as well as her staff. They've worked very hard in the last year to update many of our policies and practices such as a number of boilerplate leases as well as the standard operating procedures, which are in addition to their normal workload. She commended Mirian Saez for her leadership, the Real Estate division, the City Attorney's office and other Port divisions that worked tirelessly to get those things done. She wished Mirian well in her new job at Treasure Island where she's traded commercial tenants for residential tenants.

- There was a fabulous turnout to the tribute for Sue Bierman, hosted by Delancey Street. It was a wonderful event and she thanked those who were able to attend.

4. PLANNING & DEVELOPMENT

A. Informational Presentation and Public Hearing on Wharf J-10 Historic Preservation Alternatives.

Diane Oshima, Planning and Development, indicated that staff has provided the Port Commission briefings and went through a lengthy EIR process which concluded on August 15, 2006. The Board of Supervisors upheld the final EIR. At that proceeding there was a fair amount of discussion about more information being provided about historic preservation alternatives to the proposed demolition of Wharf J-10. The Port committed to putting this information together for the Port Commission and opening that up to public comment. The Wharf J-10 facility is located in Fisherman's Wharf on the north side of Fish Alley between Leavenworth and the access road to the Hyde Street Fishing Boat Harbor. The building is a single wood structure shed that sits atop the wharf and piles that support that wharf. It was built in 1919. It is a historic resource that has been identified as a potential contributor to a possible California Register Historic District. The EIR was required because the Port is proposing to demolish Wharf J-10 to abate the public safety hazards that failing structure presents for the City at this time. One of the requirements under the EIR is that there are historic preservation alternatives that are analyzed to make sure that decision makers are aware of what the tradeoffs are for preservation alternatives versus the proposed demolition. The EIR in its draft state initially had one preservation alternative that was identified at a concept level. There were a number of comments that came through on the draft EIR that called for more detailed cost estimates as well as looked at other possible preservation options that could be less costly. By the time that the final EIR was completed, the initial preservation alternative was supplemented by two additional variances. The Port hired Moffat & Nichol Engineers to conduct an independent cost estimate associated with each of those three preservation alternatives. Those are the primary subjects that are being reviewed in this meeting. What we have done beyond what was presented in the final EIR which presented three alternatives for preservation and the construction cost associated with them was to address two main comments that came out of the EIR appeal process: (1) there be a net cash flow analysis that not just look at the construction costs associated with the preservation alternatives but also factored in the revenue potential of being able to re-lease these facilities for fish processing use and there should be more of a net look at what the cash flow would be if you are going to carry out that preservation alternative. The other comment was trying to get a better understanding of what a historic preservation alternative would cost versus a new construction of fish processing facilities at that site so that we can get a better handle on isolating what are the historic preservation premiums that are associated with trying to maintain that particular building on site. This analysis tries to address that.

To do the net cash flow analysis, this study took into account the three alternatives that were analyzed in the EIR. We took the construction cost that had been presented in the EIR, year 2006 estimates. She credited Tina Olson, Port Finance Director, as she was key in assisting staff in putting together the table attached to the staff report. Tina worked with the Real Estate staff to identify the least revenues that could be collected from new leases of a facility and grappled with operating costs and how the capital

cost would be carried for constructing these facilities. Alternatives B, B1 and B2 were the three alternatives in the EIR that are analyzed in the staff report. They ranged in their estimated construction costs as provided by Moffat & Nichol between $16.8 million and $17.1 million. On the basis of our experience with leasing facilities to fishing industry businesses in Fisherman's Wharf, our assumption was that those businesses typically do not have the kind of capital to be able to fund this expense. We need to understand who is going to carry that expense and for the purposes of this analysis, we made an assumption that somehow the Port, if it were going to carry the expense of these improvements, what's the estimate of cost that would be incurred by that. The assumptions that we put into that analysis are just for illustrative purposes because it is based on a bond measure that we don't have the ability to support. For the purposes of trying to understand the order of magnitude cost to the Port, the annual debt service associated with carrying these costs over a 30-year period are indicated in the table ranging from $1.3 million to $1.4 million per year. Additionally, there are operating costs that are associated with running fish processing operations and based on a generalized average of what our experience is on other facilities in Fisherman's Wharf, we calculated an estimate of around $24,000 a year in operating costs; similarly, we took the typical lease rates that are being charged at J-10. We also looked at Pier 45 and thought that this was a reasonable average of $.63 cents per square foot, came up with the projected revenue stream for each of these in the range of $184,000 per year and netted that out to find out what would be the annual cost on a 30-year basis. There would be an annual deficit in terms of supporting the new facilities at this site but we then took the analysis to the next stage to do a comparative look at what the differential would be if any with new construction of fish processing facilities at the site carried through the same methodology. We find that the construction costs are slightly lower i.e. in $13 million category. These costs were based on estimates that were generated by our Port engineering division based on their experience of repairing waterfront facilities and seeing new construction occur along the waterfront. These were cost estimates that were factored into the 10-year capital plan that has been approved by the City. Once you take the same set of assumptions about the Port financed operating cost and the revenues associated with that, we would still come out with a loss somewhat lower but in the order of $890,000 per year. That is the information that is provided to respond to the commitment that the Port made to the Board of Supervisors. We do think that it's appropriate to be looking at these kinds of costs in the context of all of the in-depth analysis that this Commission has gone through in the 10-year capital plan. At $1.2 billion estimate for the ten-year cost of maintaining this port, the prioritization process is very tight especially since most of that is still unfunded in terms of what funding resources that we have available.

B. <u>Informational presentation on the status of James R. Herman Cruise Terminal at Piers 30-32</u>.

John Doll, Planning & Development, indicated that on September 15, 2006, the Lease Disposition and Development Agreement (LDDA) between San Francisco Cruise Terminal LLC and the Port will expire. The Port Commission does not need to take any action. Though the LDDA will expire, SFCT and the Port have secured a number of significant entitlements that will remain with the project. Those entitlements include: State Legislation through AB 1389 which provided the ability to

construct office and neighborhood serving retail on Piers 30-32 and those public trust uses were allowed to help finance the trust consistent maritime cruise terminal project. In addition, the State Lands Commission staff approved the transfer of the public trust designation from SWL 330 and transferred it to the former Western Pacific Parcel. This enabled the development of the Watermark Condominium to be built which helped finance the portion of the cruise terminal project. The second important entitlement was the environmental review. The Planning Commission certified the EIR for this project which includes a partial reconfiguration and structural upgrade for Piers 30-32, a two-berth 100,000 square feet cruise terminal office and retail uses, a parking garage for the James R. Herman Cruise Terminal on Piers 30-32 as well as the Watermark Condo tower and the Brannan Street Wharf. The third important entitlement was the BCDC permit. BCDC approved a major permit for the cruise terminal project subject to a number of conditions that are being met; the most significant ones have to do with environmental concerns or environmental protections. Though the LDDA will expire, the entitlements obtained through state legislation, the EIR and BCDC permit will remain with the project. These achievements should not be underestimated. The LDDA contemplated a three phase program. The first phase governed by the purchase and sale agreement was the Watermark Condo Project on SWL 330. The Port sold the parcel to SFCT for $9.3 million. SFCT built the Watermark Project. The Project is nearly complete; 80 units have been sold; another 29 are under contract and 27 remain on the market. Under this agreement, the Port participates in the sale of these condo units and at the time of the approval in 2003, we estimated that the Port will receive about $20.4 million. Because of the improvement in the condo market, those sales are now projected closer to $30 million. Those monies will come to the Port. The second phase was to have been the SFCT construction of the Brannan Street Wharf in 2003, estimated to cost $15 million. The source of funds for this project was again from the land sale $9 million and $6 million from the Special Area Plan in the Port budget. Per State law, the Brannan Street Wharf was to have commenced at the same time as the commencement of the cruise terminal project but earlier this year, the Bovis Land Lease re-estimated the cost of the Brannan Street Wharf at approximately $20.1 million. We have a funding deficit for the Brannan Street Wharf project. The third phase is the construction of the cruise terminal project on Piers 30-32. The deadline to close escrow was on April 30, 2006 but it allowed two one-year options to extend that date to 2008 if a payment of $150,000 was submitted to the Port for each extension. While SFCT requested such an extension, they also proposed the option payment be deferred for one year. SFCT cited that "due to continually rising construction cost, the high cost of retrofitting the pier, the cost of a cruise terminal building and the current commercial office market conditions, the project does not generate the necessary the financial returns." The Port proposed an extension but SFCT did not provide the required option payment. In May, SFCT requested that the Port assign the LDDA to DeBartolo Development. As part of this, the Port granted an initial 45-day extension which was later extended to September 15, 2006. DeBartolo did prepare a preliminary analysis of the cruise terminal project using the current entitlements but DeBartolo determined that the project as currently entitled did not generate its required financial return. DeBartolo did submit a preliminary plan that would increase the amount of retail in the pier and proposed that the Port

extend the development rights on the remainder portions of SWL 330 to make the project work financially. This, however, would require amendments to the current entitlements. In summary, when the Port entered into the development agreements with SFCT in 2003, it was expected that the financial returns generated from the commercial and residential uses would be enough to subsidize the public improvements on the pier including pier repair, cruise terminal and the public open space. It is now clear that the project cannot be successfully undertaken as a public/private partnership with significant public financing. Therefore, the Port has determined that there is no basis either extending the escrow closing date or consent to assign the LDDA to another developer. On the plus side, through this process, the Port retains many important entitlements and the Port obtained $9.3 million on the land sale and approximately $30 million from the Watermark project. Although the LDDA is slated to expire, it allows the Port an opportunity to update its objectives of a cruise terminal project in light of recent changes in the cruise industry such as: since 2003, the number of cruise ships to San Francisco has increased, recently announced earlier this year, the size of the ships will increase and security provisions in the last couple of years have substantially increased. Accordingly, the cruise terminal size must be able to handle larger ships, higher number of passengers and be able to comply with stricter security requirements. Recent successful cruise terminals have been those who have the capacity and flexibility to handle those number of ships and their passengers. The other lesson is that Pier 30-32 project will require significant public financing in order for this project to succeed. Because the cruise terminal is a City economic asset and the Port cannot solve this financing by itself, we believe that there should be a citywide engagement in helping the Port develop a new state-of-the-art cruise terminal in San Francisco. Therefore, the Port's Executive Director proposes to appoint a cruise terminal advisory panel representing five to seven technical experts from various backgrounds whose mission would be: (1) recommend a master plan and possible phasing plan for Piers 30-32 based on cost considerations, functionality and entitlements; (2) provide a recommendation whether the project should be competitively rebid to developers or if there should be a justification to seek a sole source waiver from the Board of Supervisors or alternatively, develop this project as a public works project; and (3) evaluate potential funding sources required to deliver a cruise terminal and the Brannan Street Wharf projects to San Francisco. Financing options might include the City's floating a general obligation bond for some or all of the public improvements, possibly a revenue bond, secured by hotel tax proceeds for the cruise terminal, acting also as an event center, a revenue bond secured by tax increment established through the Port's infrastructure financing district and possibly through seeking federal, state and local funding. The Port anticipates that the advisory panel will deliver its recommendations of a master plan and implementation strategy to the Port Commission by next spring. As an initial step, the Port has hired Phil Crannell, one of the nation's leading cruise terminal designers, to provide input on cruise terminal design. Phil has been a member of the original SFCT team in 2003. He is now an associate with CH2MHill. The Port has hired him to help staff review and re-evaluate the planning objectives of the cruise terminal given the substructure condition and cost constraints at Piers 30-32. Phil will provide an overview of the cruise industry, what the new trends are, and the construction of new cruise

terminals, which ones are now being favored by the cruise industry and how these might apply to San Francisco as part of the next phase of this project of re-evaluation and developing a new strategy plan for San Francisco. We expect Phil to provide input to the cruise terminal advisory panel over the next few months. Paul Osmundson from SFCT will also provide concluding remarks on the project.

Phil Crannell provided a brief PowerPoint presentation to the Commission. He talked about what they see from a quick snapshot, looking at the current market as possible for San Francisco to capture its represented share of this growing tourism market and a segment that they think is underserved for San Francisco and the timing is very good for the West Coast and for the region of San Francisco. He indicated that in looking at how to capitalize on the market, one has to look at what some of the drivers are. He will be discussing ship trends, issues for existing terminals, terminal design trends, passenger access trends, market discussions and a summary. As there has been an evolution in aircraft development, there has an even more dramatic evolution in cruise ships and how they are growing, all to respond to what the cruise lines need to do to offer a satisfactory experience to the cruisers as well as to bring financial returns for them so they can continue to reward their shareholders as well as their partner ports. The ships are becoming bigger and bigger. This is a predictable trend and technology is allowing this to happen and technology not only in the design of ships but also in the safety procedures and the amenity that they have. They are longer and wider. They have a deeper draft, much more air draft, the height above the water line to the very top which is important when you have bridges. They have more capacity and many more amenities particularly balconies. He showed a few key highlighted areas on the profile of a Voyager class ship. They are deeper, from 25 feet to 30 feet. They have more overhang structures. They are much wider; many of them are too wide to even go through the Panama Canal. They have multiple passenger doors to get all the people on and off more quickly and much more powerful maneuvering systems, a safety feature as well as allow them to come in different types of ports. The basic trend in cruise ships is the larger they can get, the more to the bottom line that means the more stable the cruise lines are, the more passengers will come. Hopefully, the more that they'll spend on the ship and on shore. One of the most important things that they found that they can make more money on is by offering more balconies. It's sort of a romantic kind of thing that people have about picking a cruise even though history shows that very few people use those balconies. They like to possess them in case they want to use them. It's the option that they like to have. While Freedom of the Seas is big, the Genesis project is 220,000 gross tons and it is expected for delivery sometime in 2009 by Royal Caribbean. Carnival swears they will never go there although they like other to people to pioneer and they follow. They tend to deliver more bottom line to their shareholders by not being so entrepreneurial. Royal Caribbean is convinced that this ship will be successful and it will be a true beast. They have options for two more after the first one. Total souls on board can be close to 9,000 people. Cruise ships will tend to have an LOA on out there in 2010 and beyond of 1200 feet, a beam of water line of 160 feet overall because they would have to overhang the dock. They won't just go straight up. Air draft will start to exclude many ports for the biggest one at 240 feet. The cruise terminals have to follow these ships. It's like getting a

new Boeing or a brand new air bus at the airport and just hardened the air strips but didn't put in terminals or air bridges to take care of them. You can't take advantage of the opportunity. Likewise, ports to capitalize on this infrastructure in the market, they are obliged to work out some kind of partnership with the cruise lines and develop facilities that can fit with these ships. The terminals will need more footprint, generally 100,000 to 120,000 square feet. More parking to serve a larger drive to market or gangways to get people on and off and so on. The berth has to have a sturdier structure. It has to be survivable for the larger hurricanes, at least in the Caribbean market and the East Coast markets. The cruise lines want to be able to start bringing passengers back to destinations and using homeports as soon as possible including scour protection. Scour protection is something that we've only learned about in the last four or five years as important. Underneath all those ships are thrusters and maneuvering systems that mean they don't need tugboats so that they can quickly maneuver in and out of places and deal with the extra winds that would have impact on these large ships. Working with these maneuvering systems is like big jets of water. The captain is up on the bridge with his cup of coffee and a little thing no much bigger than a pencil is working these devices. You can't see what's happening but if you don't have your piers and wharves armored correctly, it's like a lot of currents when high water floods a bridge. It will erode it. That's an important factor. He showed some snapshots several in the urban category in New Orleans and Norfolk and several in the green field category. It's an old green field; it was never anything other than a cow pasture or some kind of agriculture use. Those are located at Houston and in Jacksonville. He showed the terminal in New Orleans which was taken about two months before the Katrina hurricane. Remarkably there was no damage done by Katrina because it was on the levee wall. It has similar slight conditions in terms of the constraint. They have to put a lot of material and functions on it. The inside picture shows a 4-5 stories of parking above two levels of cruise terminals. Parking revenue and how you deal with that is an important revenue option for cruise terminals. It will be open in October. During this week's AAPA, they are taking tours on the facility and it will be serving the ultra class cruise ships. It will only serve one berth, approximately 120,000 square feet and under a thousand parking spaces. He showed the Norfolk terminal, the finger structure called Nauticus which is the maritime exploratory center and the new cruise terminal. It will be an opportunity for passengers who are experiencing the cruise to also use some cultural facilities. Port of Houston is strictly green field. It shows the turning basin, the lower part, a very important element for ships to maneuver and the expansion where they expect to add two more cruise terminals and the top where there will be a partner for container terminals. It's a very large dolled up metal building. They will have about 120,000 square feet, most of it on the ground floor. It will have 2-3 passenger access systems so they can get the passengers on and off quickly. Another urban redevelopment kind of program which is still sort of a green field is Bayon Cruise Terminal, right across from Manhattan. This is considered one of the most popular cruise terminals within the cruise market. People like it even though it's a renovated warehouse because it works and it's close to the airport. They can get on and off the ship very quickly and it didn't cost that much money to build. The cruise lines are very happy with this kind of a product but it's strictly to serve the market. The Jacksonville project is the absolute cheapest product that they have ever done, a little

over $150 per square foot, bare metal building that was designed by the very conservative port to also be used as a cargo warehouse if the cruise market didn't suit their needs. It's proving to be very popular. The cruise lines are happy with it especially when they are starting in a market. They don't care if you have elaborate facilities. They just want to test it for a while. He showed the green recycling program terminal in Hamburg, Germany, using empty containers. This facility is built of three rows of empty containers. They put down fresh asphalt on top of the laydown area. They have an orange floor; they took some industrial paint and painted over the asphalt. It's a wood thrust roof with translucent panels. They erected the walls in just two days. It cost $180 per square foot because they had a lot of site improvements that they had to put in for and it has a lot of recoverable items that can be taken out. There are restrooms in the containers; there are sandbags in the containers to give it some weight to hold it down because uplift was a big concern. Everybody loves it. There were over 50,000 people during the ground opening. They have other clients talking to them how they take that sort of lego thing and make it work because a lot of ports have empty boxes. It's a perfect way to go into a recycling program.

They see the West Coast market in their review as one of the fastest growing markets in the U.S. It has the most potential to grow at a higher rate than any others. It can double from its current growth. By 2020, it could double by that time frame. RCI will deploy the Voyager class to Port of Los Angeles (POLA) by 2009 to serve that market; one of the big ultras with about 3400 passengers. If the Voyager comes, so will the ultras from the other cruise lines. The projected expansion of berth, POLA will be doubling from 2 to 4. It will primarily happen on the outer harbor, near the super tanker berth. Long Beach will go from one berth to two. San Diego has an aggressive mixed- use urban development program for their cruise facility that will go from 2 up to 3 berths. They think that the San Francisco passenger increase could be the highest on the West Coast and it absolutely has the most underserved drive-to market. Cruise lines like drive-to markets because they don't have to buy tickets. They can charge a little more for their per diem and people are happier because they are driving their family there to take a cruise. They also see a subtle ripple effect that might come; it will take 2-3 years. Alaska recently passed ballot measure #2 which imposes a $50 surcharge on all passengers arriving in Alaska. A family of four will spend $200 more to get to Alaska starting next season. What will they see? Is it going to be a better cruise, more experience on the ground? No! It's a shame because they think it will have a detrimental effect on that market. They do think it's going to drive the cruise lines to explore a development of more warm water cruises which San Francisco could benefit from. San Francisco needs to serve this market by developing modern terminals and absolutely coming up with something that can serve the ultra market. As the ships get bigger, we have to have more physical and operational infrastructure that can handle it.

Pier 30-32 might be developed from just a conceptual footprint utilization point of view; no architectural intent intended just something on the back of a napkin. The pier itself has a lot of assets, over 10 acres of area. It has a lot of potential. As John Doll said, there have been so many changes in this market that we are going to have

a chance to do things the right away. The pinkish T (on the diagram) represents a strongest part on the whole platform, the part that you could almost start to develop right now, properly done with containers or light berth air structure of some type that would not have to go through an aggressive seismic retrofit. They would propose going in initially with just a single large ultra berth at the very eastern end where it has the deepest water. Quite frankly, as opposed to on the northern end, that berth could also work but it's going to take a lot of dredging. It will take more dredging to keep it up. You have good water with a lot of current on the eastern side. It will never take dredging or maintenance. The first phase will be 120,000 square foot. The second phase an expansion for a second 120,00 square foot facility so you could basically develop in the end two ultra terminals. The slightly brownish area is where you would expand into each side of the T and then you would wind up with a final geometry that will have one on the north and one on the south. Each with a ground floor footprint of 80,000 square feet and an upper area of 40,000 square feet, which is approximately the ratio that they would like to see. They like to see a little bit more but this is the minimum and this will work to serve the cruise industry. They would extend a berth to the left and one to the right so that we would have two ultra berths. This would be the kind of facility in the end that would represent something that the cruise lines would be very satisfied with and would serve to help San Francisco capture the market.

Paul Osmundson, Managing Representative for SFCT, indicated that the staff report is extremely well written and accurately describes the situation that they find themselves in now. The project that they conceived as pointed out in the staff report, about $114 million in public benefits, i.e. public access, cruise terminals and different elements in the project. The major change that has caused them is the rising cost of the retrofit of the terminal. When they entered into the development agreement and they projected commercial rents rising to a certain level, they've reached that level, unfortunately, the cost just have exceeded their ability to generate sufficient returns. They met with a dozen developers in addition to DeBartolo to discuss with them the potential of assigning the existing development rights. Those discussions were not productive. They've chosen not to exercise the option. They did not feel there was anyway for the current configuration to generate the sufficient returns. It appears that DeBartolo reached that same conclusion. They are proud of the work that has been done, as John pointed out. The Port is significantly closer to getting a new cruise terminal. It's been out of reach for several decades. The Port is closer now than it's ever been. The entitlements for the existing project puts the Port in a very good position. The revenues that are generated from the sale of Watermark Condominiums will go to the revitalization program. He concurred with the staff report and wished the Port luck. He offered his assistance if needed. He would be happy to meet with the advisory group and share any information.

Commissioner Lazarus asked about the life of the entitlements. Mr. Doll replied that they don't expire.

Commissioner Lazarus indicated that Mr. Doll quoted a figure of $20.1 million for the Brannan Street Wharf, she asked if there was an original quote at the time. Mr.

Doll replied that in 2003 SFCT and the Port estimated the cost of the Brannan Street Wharf project to be about $15 million, which was included in the staff report as well as into the BCDC permit.

Commissioner Lazarus indicated that the presentation sounds very exciting and she knows it's not quite as simple as getting some containers together and putting them up but it looks like there's a lot of potential. Mr. Doll replied that we have some seed money. We have approximately $30 million from the Watermark project, $9 million from the land sale. We have the entitlements and we're about half way there. We have some potential revenue streams that we could use. We need to explore if we're going to use the cruise terminal as an event center and whether we could do bond against that in the future. We will look at the use of tax increment on the project as well or other projects adjacent to Pier 30-32. We are going to look at all the different options. We are going to look at first of all what a site plan might look like, what a cruise terminal might look like within that site plan if we need to do phasing, whether or not we make that into a cruise terminal only project or a mixed-use project. There are a lot of different options that we could look into.

Commissioner Lazarus indicated that there has been some shift in the market since this project was conceived. While many respects were disappointed that this originally conceived project isn't going forward, we may have an opportunity to revisit and to get something that is more current. Mr. Doll concurred with Commissioner Lazarus' comments.

Stefano Pinna, President of Metro Cruise Services, manages cruise facilities and provide stevedoring nationwide. They are particularly strong on the West Coast and San Diego, Los Angeles and Long Beach. They have been in San Francisco for many years. He comes from the cruise industry. He spent 20 years with Princess Cruises and Crystal. He is very close to the industry. He was a former sea captain and worked in the marine operations for the cruise industry and joined Metro a couple of years ago. He is very excited about today's presentation. He supports the Port of San Francisco as the port turns the corner in this approach with Pier 30/32. He believes it is incredibly important to prepare the ground towards something that is accommodating to the ships of tomorrow. There has been a shift. He liked the presentation because it captured what is really going on in the cruise industry. The cruise industry today is very corporate. It's very determined to make money, build ships that are large and require facilities that are attractive, well built and appropriate. We have the opportunity in this port to do just that by simply looking at what is needed and the cruise industry is definitely getting larger and ships are coming to the West Coast not only the numbers tell us that but many trends. People don't like to fly to Europe as much or around the world. They prefer to drive to San Francisco or to Los Angeles. This port can capitalize on that. It can only be done with facilities that are properly built. If the facilities are not there, the ships simply cannot go and cannot take advantage of the opportunity. He supports the concept presented today.

Commissioner Hardeman thanked Mr. Pinna who earlier this year, when he took the cruise in Los Angeles, he gave him a wonderful tour of San Pedro and showed him how they do the onshore power. He was grateful for his hospitality. He knows what he is talking about and it was a very educational experience for him.

Commissioner Lazarus indicated that the Commission looks forward to the report in the spring of next year.

C. Informational presentation regarding design and construction status of Rincon Park Restaurants project. **(VERBAL REPORT)**

Kari Kilstrom, Planning & Development, indicated that the restaurants have long been part of the City and the Redevelopment Agency and the Port's plans for the area at the foot of Folsom Street and next to our fireboat house and close to the Bay Bridge. The project consists of two restaurants adjoined by an outdoor dining area facing the park and oriented toward the bay, a fantastic views of the large open water area that the Port created by removing a series of finger piers long ago and the views of the Bay Bridge and Treasure Island beyond are quite phenomenal. At our last briefing in 2005, the project was going through the design review process which involves not only the Port's Waterfront Design Advisory Committee but also BCDC's Design Review Board. They meet jointly on a project like this when it's within 100 feet of the shoreline. There were a series of such meetings in 2005/2006. They also met with the Rincon Point South Beach CAC and during that period, they continued to voice their support for the project at their own meetings and some came to attend other meetings on the project. On November 17, 2005, the Port received the required BCDC permit for the project. At that hearing, the BCDC asked that the project go through one more review with the Design Advisory Groups in order for them to see the latest version of the project design and provide further input. In May 2006, the project design was reviewed for a final time by these two design advisory groups. Overall, the project was reviewed very favorably, and ready for the final construction document stage. We did receive some recommendations from that committee about some design changes that staff are now seeing through in the final construction documents. The Port and JMA closed escrow on the project in July 2006 after we reviewed the details of the financing plan for the project and other construction related documents. Prior to closing, JMA entered into an agreement with the Redevelopment Agency for providing public tables and chairs in the park but at the plaza level that will be adjacent to the restaurants and maintained by the restaurant operators. The Port's building division has issued a site permit for construction and has approved the first addendum which enables the foundation work to begin. Last week, the Port, JMA and the Kuleto Restaurant group hosted a groundbreaking ceremony and that commemorated a major milestone for this project which the Port initiated in 1998. Construction has been kicked off. Port staff is continuing to review the construction documents for the core and shell buildings which are being constructed by JMA. Later, they will look at the interior tenant construction documents that will be built by the restaurant operator. It's been a long process but a very fruitful one. She hopes that this is a project that the Port and the City would be proud of.

Joe Nootbar indicated that he was around for the 1998 RFP process. They master planned the park and the restaurants together and they built the park at that time and it was a success. The restaurants will be a great success as well. This has been a especially momentous occasion to see this thing get started. The park and the restaurants were master planned together in 1999 and 2000 in a collaborative effort and established this site plan. It is the site plan that is intact today. The dominant feature is the central piazza which has the public access dedicated through the center of it to connect the water side of the Rincon Park site to the Embarcadero sidewalk side of the site connecting the public tables and chairs area that Kari described which is the leading prow location of the piazza and closest to the water in Herb Caen Promenade, connecting that through the piazza, a creative place that is the ultimate blending of public and private critical mass place for people to congregate whether or not they are on foot or on rollerblades up and down the Embarcadero. There is also a sense of the success that can be had with offering food outside to people who are walking up and down the Embarcadero and not choosing to dine over a full meal. The restaurants featured two dining rooms that take advantage of the extraordinary views of the bay and the Bay Bridge but also try to nestle themselves into the park and the landscape architect drove much of those features, lots of glass but a unique identity for each building. One building having one character and the other having another but both having a way to relate to one another and the details of the buildings pull that together. Some of the comments that Kari referred to that they got at the final WDAC and DRB meetings were about things like the color of the window mullions and how they related to the metal color of the Bay Bridge and the water that is so close to the environment and what is appropriate for the waterfront itself. They are tweaking some of those colors as they go through process. Other features on the south building, there are some eyebrow canopies that were established at the front elevation of the buildings of the south building on the waterside that they recommend that we rethink a little bit. They have been rethinking those and peeling those back and simplifying the buildings. The general comments have always have been keep them simple, keep them elegant and keep them of the waterfront and of the park. They have been proceeding with that. This view also shows a little bit of the activity of the piazza and it's in a connection to the promenade, the activity that has been generated along the waterfront and it also shows off the new railing that's there, the balustrade that the Port installed to replace the old 48-inch high solid, concrete wall that was deteriorating that's made not only the promenade better but the entire park experience better. He showed an obstructed view of the Embarcadero side of the project with the bridge soaring in its scale and Yerba Buena and Treasure Island beyond with the buildings sitting next to each other with this open public access between them. One building is brick and the other is predominantly limestone. They each have their own character but with a similar shape and profile so you know that it's a common place. Construction has started with the foundation construction being reviewed by the Port for the remainder of the construction. They expect the project, including all the restaurant improvements, to be completed in October 2007. He introduced Pete Sittnick from Pat Kuleto Restaurants. He will be the person in charge of the day-to-day operations and in charge of all the things that happen on site. He has a tactile level of experience with how they are going to manage the restaurants. Pete has been operating restaurants with the Kuleto group for a long time.

Pete Sittnick, Pat Kuleto Restaurant, indicated that on behalf of all the restaurant partners, he thanked the Port Commission and staff for all their efforts to get to where they are now. At the time they are still in the development stages of both menus and interior design but they have decided on names and overall concepts for the restaurants. At the south end of the restaurant site is Water Bar, it will be a seafood concept that will be headed up with Chef Mark Franz from Farallon. At the north end of the site is Epic which will be a roast house, a steak house that will be headed up by Jan Birnbaum formerly of Campton Place and Catahoula in Calistoga. In both the restaurants, Pat's design will have the seating oriented to maximize on the wonderful waterfront views. The outdoor piazza will become a focal point of seating and they are extremely excited to finally get to the groundbreaking. They appreciated everybody's support at the ceremony on Friday. They are gearing up to anticipate their opening in the fall of 2007.

D. Request authorization to award a Professional Services Contract to Literacy for Environmental Justice for Education and Public Participation Programs at Heron's Head Park in an Amount Not to Exceed $340,000. (Resolution No. 06-63)

Carol Bach, Planning and Development, indicated that in July 2006, the Commission authorized Port staff to conduct a competitive selection process for this contract. We received a great deal of interest in the RFP including attendance by ten different organizations at the pre-proposal meeting. We ultimately received two proposals; one from Literacy from Environmental Justice or LEJ who is the incumbent contractor and another from a non-profit organization called Life Frames, Inc. Both proposals met the administrative and Human Rights Commission criteria for responsiveness. The Port convened a selection committee of three people representing the Port of San Francisco, the Port of Oakland and a project of the SF Unified School District called the Wilderness Arts and Literacy Collaborative. Collectively, the selection committee had expertise in the various disciplines of work that will be conducted under the contract. While both proposers presented great qualifications, the clear consensus of the selection committee was that LEJ demonstrated better technical qualifications in the area of wetlands ecology and consequently would be able to provide a more science based education program and better serve as the Port's advisor in wetlands habitat managements and in the revegetation element of the project, which is a new and somewhat unusual component of the scope of work. LEJ team includes a DBE subcontractor called Angels of Ireland, which is a small woman-owned business located in San Francisco. They will be assisting with the habitat enhancement portion of the project as well as general park operations support. Together, she's confident that LEJ and Angels of Ireland are well poised to continue and strengthen the education and public programs and implement the grant-funded wetland revegetation element of this contract. The current contract expires at the end of September. With the Commission's authorization to award the contract to LEJ, she's sure that we will have a contract in place expeditiously. The term for this contract is four years and the total contract value is not to exceed $340,000.

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 06-63 was adopted.

5. MARITIME

A. Informational Presentation on Salt River Construction Corp.'s Lease Proposal at Pier 96.

Jill Simpson Rodby, Maritime Division, indicated that Salt River Construction is proposing a lease at Pier 96 for 20,000 square feet with 10,000 square feet of adjacent water. The lease is located west of Norcal, a site that is not currently being used for maritime. This will be the first time in a long time that we would have a use there that would be strictly maritime. Salt River Construction's proposal is to bring clean soil onto the site, load onto conveyor belt and deliver it via barges up to the State of California's emergency repair for the levees. Salt River Construction has been a local bay area company for the past 18 years. They are headquartered in Tiburon. They do construction and dredging for some of the marinas in Marin. They have sites also located in Pittsburgh and Solano County where they are doing barge operations. They have history in the bay area of doing this type of work. They are asking for a three-year lease and we are anticipating that the annual revenue which includes wharfage and the lease for the land and the water between $54,000 to $200,000 a year. It will depend on how much soil is moved to the site. As a material part of that lease, Salt River Construction will be required to issue some type of a letter of credit or bond combination to the Port of San Francisco in an amount sufficient to cover any of potential environment clean-up cost. The contractors will be delivering clean, tested soil to the site from San Francisco and possibly south bay construction projects. The soil will have been tested clean and the contractor that are purchasing soil for the levee have strict requirements and have to be tested and meet those requirements. Additionally, if the soil comes from a Maher site in San Francisco, further testing will be required. The Port will have access to all the permits and we will be able to go on site and get the permits whenever necessary. Additionally, we also intend to do a random testing on the soil to ensure that it is cleaned. All the equipment on the site will be late model equipment and has already been approved by the Bay Area Quality Control Board. The tugboats that will be used to move the barges have already been retrofitted with Carl Moyer grants and the barges themselves have no engines so there will be no mitigation measures. As a condition of the lease, Salt River Construction will be required to implement best practices management and strict environmental guidelines from our Southern Waterfront EIR. These include best management practices for dust abatement, stormwater pollution prevention and material screening methods that's outlined in the staff report. Metropolitan Stevedore has been hired to handle the labor on the site through ILWU. Additionally, they hope to hire from the local community, possibly one or a couple more to be a deckhand on the barges. We took this proposal to SWAC and they have tentatively approved the concept. If the lease is approved, they've asked Salt River to come back in four months so they can review their operations and answer any questions SWAC may have. The lease will be brought before the Port Commission for final approval pending the CEQA review and finalization.

Commissioner Brandon asked about the truck trips. Ms. Simpson-Rodby replied that there will be truck trips. Theoretically, there will be 60 truck trips a day. They will be

operating five days a week. That will be analyzed under the CEQA. We think it will fall under the supplemental EIR but that needs to be determined.

Commissioner Brandon asked how this will affect the existing SEIR. Ms. Simpson-Rodby replied that is what Diane Oshima will be working on shortly.

Commissioner Brandon asked how many employees they have. Ms. Simpson-Rodby responded that there will be five in the yard and there will be a deckhand that will be hired from the community as well as Salt River staff that is the pilot of the tugboat. Trucking will be provided by local contractors that are already contracting from the fill, the digs and construction projects around the city.

Commissioner Brandon asked if there will be local truckers on the job. Ms. Simpson Rodby replied that there could be an occasion where Salt River might control some of the trucking. The contractors are already doing projects with the City so that's already imposed on them under their contracts. Commissioner Brandon asked if the City contractors will be responsible for providing trucking. Ms. Simpson-Rodby concurred.

Commissioner Brandon indicated that as far as the fund that has been established, she asked if everyone else has paid into it. Ms. Simpson-Rodby replied that we are still finalizing the lease requirements and we are looking at that issue.

Commissioner Brandon indicated that she would love to find out more about the lease before this item is brought back to the Commission for final approval. Ms. Simpson-Rodby concurred.

6. NEW BUSINESS / AGENDA SETTING

Ms. Moyer indicated that coming up at the next meeting is our quarterly presentation on the Illinois Street Bridge and some action items that Commission needs to take. After six long months, staff has finally received the approvals we needed in order to use the Highway money that Congresswoman Pelosi got for the Port. We will also be coming forward to ask the Commission to adopt the CEQA findings on the J10 EIR and if appropriate to adopt one of the alternatives studied therein which is the alternative for demolition. We are looking to bring forward a renewed Memorandum of Understanding with the Entertainment Commission. We have agreement between the two agencies on how to improve the practices. We are researching a couple more things and hope to be ready for an informational item at the next meeting and an action item at the following meeting. We will seek Commission's approval on the Salt River lease if we are ready at that time. Hopefully, BART will be able to attend the next meeting and give us a presentation on what their project is going to be. When the Commission adopted the rate schedule for 2006/07, every single activity that occurs on the Port waterfront requires an associated fee. With respect to Fleet Week, staff will be asking the Commission to waive that fee. We realized that we will need to do that at the next meeting because Fleet Week will be before the October 10, 2006 meeting.

Commissioner Lazarus asked whether we would want to consider an earlier start again given the potential calendar for that day. Ms. Moyer indicated that we can certainly start the meeting early if that is the Commission's preference.

Commissioner Brandon requested that the Professional Services Contract report be presented to the Commission as an informational item.

Commissioner Hardeman commented that when the Danish delegation visited the Port, staff did a great job and they had a fun time. Dan Hodapp did a great job in his presentation. The Danish delegation had a great time.

7. PUBLIC COMMENT

Captain Ray Shipway, Master Mates & Pilots, indicated that today he is representing the Inland Boatmen Union. On August 30 2006, the California Labor Federation voted to put Hornblower Dining Yacht and Alcatraz Cruises on their statewide "Do Not Patronize" list. They took this drastic action because they are hitting the "D" day on September 25, 2006 when the first time in 30 years Alcatraz ferry boats will sail without their union cruise. This will change 30 years of history on this waterfront. Their union members applied for jobs advertised by Hornblower on their website over a month ago. Finally yesterday, one deckhand got a call for an interview but what about the rest of their displaced workers? As of this date, no one has been called. Meanwhile, the company has been advertising on Craig's List for deckhand apprentices for $13.50 an hour. This is a pretty tough job for season deckhand let alone an apprentice. They'd rather hire rookies off the web than hire highly skilled workers from the MMP and IBU. Last week, the company asked them to submit a list of members interested in the jobs. They have sent lists and applications to Hornblower many a times. On September 20 2006, at a meeting convened by Representative Pelosi's office and the San Francisco Labor Council, Hornblower is supposed to tell them if they are going to hire any of their members. They hope that this is a good faith effort that will lead them to hire a majority of their workers and recognize their unions. If it is only a delay tactic by Hornblower, September 25 will not just be the "D" day but it will be union day at San Francisco's waterfront. They will show the strength of the unions of this waterfront and in this city. They will not be alone. They will be joined by their brothers and sisters from other unions across the city. They will have the support of the future speaker of the house, Congresswoman Pelosi, who personally told him last Sunday how livid she is about the treatment that their workers have received from Hornblower. They will be joined by Supervisors Peskin and Maxwell who have been there from the beginning. Hornblower Alcatraz Service is a runaway train. It bypassed the environmental laws and workers and he asked that the Commission seek the best legal advice in the city so they don't miss an opportunity to force Hornblower to be a good neighbor and a good employer. Until the Alcatraz ferry sail with their unions they will not rest. They will hit the streets just like it was done in the 30's. This may impact other industries and tenants but they don't have any choice. This is about preserving their jobs and their union legacy on this waterfront.

Linda Halford, IBU member, who has worked for Alcatraz for 30 years, indicated that she's very concerned that Hornblower is hiring unskilled workers and non-union members. When they first started Alcatraz, they had 50 passengers and now they have 350 passengers every half an hour. Through the years, they have to readjust to watch for dangers that are inherent to the job. One has to know what's going on. In a city that is

union, this is a shame. Hornblower is a non-union organization and is taking away their jobs. Last year, they heard about Hornblower taking the Alcatraz jobs. They thought they will hire them to keep their jobs for sure. They still don't know whether they are going to have jobs. They have run over them and they've tried very hard. She hoped that the Commission will help them.

Chris Jake a long time resident of San Francisco indicated that a few years ago, he had the idea for the San Francisco Ocean Film Festival. They got a bunch of volunteers from the neighborhood together and started talking about it and decided to have the first San Francisco Ocean Film Festival in 2004 at Fort Mason. Since then, they've had two additional festivals and they will have their fourth in January 2007 at Fort Mason. This is a volunteer driven, grass roots organization. They have one staff person on a part-time basis. They feel that they are doing valuable things for the ocean and everything the ocean touches such as the San Francisco Bay and the California watershed, the California Coast. They have been able to develop relationships with the Farallon National Marine Sanctuary, San Francisco Maritime National Historical Park, South End Club, Marine Mammal, Dolphin Club and other non-profit & government organizations. They have two days of film that you won't see anywhere else. They have had very cordial discussions with the involvement of the Port with Renee Dunn and they are very excited about working with the Port on whatever basis that seems appropriate. He pointed out that this festival has the opportunity to travel around the country and around the world to publicize ocean issues. In parallel with that, it will give the City of San Francisco and its waterfront presence greater visibility on a worldwide stage than it has now.

Ernestine Weiss spoke in defense of the good union people and indicated that it's a disgrace that one organization on the waterfront will hire non-union people when this is a very strong union town. To hire unskilled people is very dangerous and irresponsible.

Commissioner Lazarus indicated that since she was not at the last meeting, she did not get a chance to express her thoughts about the loss of our esteemed fellow Commissioner. As a former colleague and somebody who has known Sue for many years, she expressed the depth of her admiration for what she did for the city, back to the fact that she wasn't even a native and how she really adoptive it and really devoted herself to the betterment of all of San Francisco so that the City would be a great place for all generations. She's sure that she will serve as a role model for all of us as we go forward in this capacity or in any others that we might assume in the future. She also mentioned that there are three organizations that her family has listed for those wishing to make a contribution: The San Francisco Parks Trust, Delancey Street Foundation and the Buen Dia Family School.

Commissioner Lazarus indicated that the Commission received the preliminary results on the FY 05/06 budget and she commended staff for what looks to be a very successful year form a financial point of view with a surplus that was greater than projected with very strong control on expenditures and clearly an effort to develop these reserves that we're going to need to tackle all the issues that we've identified in our capital plan. She knows that these aren't final but they are certainly going in the direction that we would hope. She thanked Tina and the rest of the staff for all the efforts that went into these results.

8. COMMUNICATIONS

Commissioner Brandon indicated that there is a new local enterprise and non-discrimination ordinance that was adopted by the Board of Supervisors. She asked that when the professional services contract informational item is presented to the Commission, that they be given an update on that ordinance as well. Ms. Moyer indicated that we will calendar it for the October meeting.

9. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Brandon moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

At 3:50 p.m. the Commission withdrew to executive session to discuss the following:

B. CLOSED SESSION

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER.

a. Discuss existing litigation matter pursuant to Section (a) of California Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d) (1 case):

- Platte River Insurance Company v City and County of San Francisco, Superior Court No. CGC 05-446355.

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: Piers 27-31
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
SF Piers LLC: Tom Hart and Rocky Fried

(3) Discussion of Executive Director's Performance Evaluation for Fiscal Year 2005-06 pursuant to Section 67.10(b) of the Administrative Code and Section 54957(b) of the California Government Code.

10. RECONVENE IN OPEN SESSION

At 5:15 p.m., the Port Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Brandon moved approval to adjourn executive session and reconvene in open session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon moved approval to not disclose any information discussed in open session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

11. ADJOURNMENT

ACTION: Commissioner Brandon moved approval to adjourn the meeting; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

Commission President Ann Lazarus adjourned the meeting at 5:18 p.m.

SAN FRANCISCO PORT COMMISSION

Ann Lazarus, President
Kimberly Brandon, Vice President
Michael Hardeman, Commissioner
Wilfred Hsu, Commissioner

Monique Moyer, Executive Director
Phone: 415-274-0400; Fax: 415-274-0412

Amy Quesada, Commission Secretary
Phone: 415-274-0406; Fax: 415-274-0412

AGENDA
SPECIAL MEETING
2:00 P.M. TUESDAY, SEPTEMBER 26, 2006

PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.

DOCUMENTS DEPT.
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1. **CALL TO ORDER / ROLL CALL**

2. **APPROVAL OF MINUTES** - September 12, 2006

3. **EXECUTIVE**

   A. Executive Director's Report

   - Update of the Alcatraz Ferry Service at Pier 31½
   - Executive Director's Appointment to the AAPA 2006/2007 Board of Directors
   - San Francisco Community Heroes Breakfast – September 28, 2006
   - Fleet Week – October 6-10, 2006
   - Korean Training Navy Vessels Visit - October 11-15, 2006
   - Commendation for Kari Kilstrom

4. **CONSENT**

   A. Request approval of the subletting of the Premises located at Pier 26 under Port Lease L-14087 with David W. Romero to Shelton Theater LLC for use as an office space, for a period of 6 months, commencing October 1, 2006 and ending March 31, 2007. (Resolution No. 06-69)

   B. Request authorization for the Executive Director to enter into an agreement and/or lease amendment with Inspection Services, Inc., regarding its Lease No. L-13074 for

premises at Pier 26, for the payment of delinquent rent in the amount of $48,110.75 in 12 monthly installments at 4 percent annual interest, and a release and waiver of all claims against the City and County of San Francisco. (Resolution No. 06-70)

C. Request approval to Waive Permit and Use Fees for 2006 Fleet Week. (Resolution No. 06-71)

D. Request approval to Waive Permit and Use Fees for the 2006 Madonna del Lume Celebrations and the Blessing of the Fishing Fleet. (Resolution No. 06-72)

5. PLANNING & DEVELOPMENT

A. Request authorization to Execute First Amendment to Amended and Restated Exclusive Negotiation Agreement ("Amended ENA") Extending Term Thereof and Extending Certain Benchmark Deadlines for the Piers 27-31 Mixed-Use Recreation Project with Developer SF Piers LLC (Site Location: The Embarcadero, between Francisco and Battery Streets). (Resolution No. 06-64)

B. Informational presentation by San Francisco Bay Area Rapid Transit (BART) regarding its Earthquake Safety/Seismic Retrofit Project at the Downtown Ferry Terminal Platform Area.

C. Request for approval of Fourth Amendment to the Agreement between the Port of San Francisco, the Municipal Transportation Agency, and CBS Outdoor, Inc., regarding the placement of commercial and noncommercial transit shelters in San Francisco, including locations on the Embarcadero between Folsom and Townsend Streets. (Resolution No. 06-65)

D. Request approval of California Environmental Quality Act (CEQA) Findings for the Wharf J-10 and Fishery Building Demolition Project. (Resolution No. 06-66)

6. ENGINEERING

A. Request authorization to Advertise for and Accept Competitive Bids for the Wharf J-10 and Fishery Building Demolition Project, Contract No. 2708. (Resolution No. 06-67)

B. Quarterly Project Update for the Illinois Street Intermodal Bridge Project.

C. Request authorization to Execute a Contract Modification to the Illinois Street Intermodal Bridge Contract No. 2680 with Shimmick Construction Company, Inc. to Extend the Contract Substantial Completion Date. (Resolution No. 06-68)

7. MARITIME

A. Informational Presentation on Fiscal Impacts of Port Managed Ferry Terminals.

8. FINANCE & ADMINISTRATION

A. Informational Presentation regarding As-Needed Professional Services Contracts – 4th Quarter Report for Fiscal Year 2005/06.

9. NEW BUSINESS / AGENDA SETTING

- New Business

- Agenda Setting (Targeted Commission meeting, subject to change)

  - Informational presentation regarding casual landing/excursion berthing rates at the Port of San Francisco (October 10, 2006)
  - Informational presentation regarding the feasibility of shoreside power installation at the Pier 35 Cruise Terminal (October 10, 2006)
  - Informational presentation regarding Real Estate Broker Fees Policy at the Port of San Francisco (October 10, 2006)
  - Informational presentation regarding the Memorandum of Understanding with the Entertainment Commission concerning entertainment permits on Port property (October 10, 2006)
  - Informational presentation regarding the City's bid for the 2016 Summer Olympics (October 10, 2006)
  - Request approval of Memorandum of Understanding with the Entertainment Commission regarding entertainment permits on Port property (October 24, 2006)
  - Request approval of lease with Salt River Construction Corp. at Pier 96 (October 24, 2006)
  - Informational presentation regarding tenant improvement credits and tenant allowances (October 24, 006)
  - Informational presentation regarding Deteriorated Piers and Aprons scheduled for closure and/or demolition (October 24, 2006)
  - Request authorization to award Contract for As-Needed Construction Support Services (October 24, 2006)
  - Request authorization to award contract for the South Approach to the Illinois Street Bridge Project (October 24, 2006)
  - Request approval of Abraham Lincoln Brigade monument design and placement and approval of MOU with Arts Commission to install and maintain monument, located in the Ferry Building area north of Market Street between the Embarcadero Roadway and Justin Herman Plaza (October 24, 2006)
  - Request approval of Revised Development Memorandum for Piers 27-31 Mixed-Use Recreation Project (October 24, 2006)
  - Consideration of Policy on Port Commission Attendance and Miscellaneous Updates to the Port Commission By Laws (November 14, 2006)
  - Request approval of a Memorandum of Understanding with the City's Recreation and Park Department for use of space at Hyde Street (Date to be determined)
  - Request approval of a lease amendment with Pacific Marine Dining Yachts at Pier 9 (Date to be determined)

10. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

11. COMMUNICATIONS

Communications to the Port Commission received from September 7 to 21, 2006:

- From Port staff, copy of a letter from Marina Secchitano, IBU and Captain Raymond Shipway, MMP, regarding New Alcatraz Ferry Operator
- From Port staff, copy of a letter from Lynn Haymaker, regarding proposed development at 8 Washington Street
- From Port staff, copy of a letter from Philip Lay, regarding proposed development at 8 Washington Street
- From Irene Glassgold, copy of a letter from Irene & Alfred Glassgold, regarding proposed development at 8 Washington Street
- From Port staff, copy of a Ray and Cathie Hehman, regarding proposed development at 8 Washington Street
- From Port staff, copy of a letter from James Marchi, regarding proposed development at 8 Washington Street
- From Port staff, copy of a letter from Alex Tokar, regarding proposed development at 8 Washington Street
- From Port staff, copy of a letter from Lorita Aarons, regarding proposed development at 8 Washington Street
- From Port staff, copy of a letter from Verne Finks and Elke Hofer-Rudroff, regarding proposed development at 8 Washington Street
- From Port staff, copy of a letter from Natalie Jones, regarding proposed development at 8 Washington Street
- From Port staff, copy of a letter from Eric Nath, regarding proposed development at 8 Washington Street
- From Port staff, copy of a letter from Vicki Weisman, regarding proposed development at 8 Washington Street
- From Port staff, copy of a letter from Flo Sparks, regarding proposed development at 8 Washington Street
- From Port staff, copy of a letter from Richie & Randie Goldstein, regarding proposed development at 8 Washington Street
- From Port staff, copy of a letter from Andrew Wegley, regarding proposed development at 8 Washington Street
- From Port staff, copy of a letter from Lynn Haymaker, regarding proposed development at 8 Washington Street

- From Port staff, copy of a letter from Elliott Evers, regarding proposed development at 8 Washington Street
- From Port staff, copy of a letter from Jonathan Leung, regarding proposed development at 8 Washington Street
- From Vedica Puri, Telegraph Hill Dwellers President, regarding Wharf J10 Demolition
- From Eric Lerner, SEIU Local 24/7, regarding ABC Security Service, Inc.
- From Port staff, copy of a letter to Hornblower Yachts, Inc. regarding Compliance Issues with Port Commission Lease No. L-12501

12. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED AND EXISTING LITIGATION MATTERS (DISCUSSION & ACTION ITEMS).

a. Discuss anticipated and existing litigation matters pursuant to Section (a) of California Government Code Section 54956.9 (b) and San Francisco Administrative Code Section 67.10(d):

- Discussion and approval of settlement of anticipated claim of William Spencer Company seeking damages for alleged drainage defects at property located at 1800 Illinois Street, caused by the Illinois Street Intermodal Bridge project at Illinois Street and Islais Creek Channel. Proposed settlement of claims upon terms which include Port's payment of $20,000, for partial costs of remedial construction work, in exchange for claimant's full and final release of claims.

- City and County of San Francisco v. Pacific Cement Company LLC et al, San Francisco Superior Court No. 443-263.

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative.*

a. Property: Piers 33½
Person Negotiating: Port: Vicky Lee, Property Manager
*Leveraged Equity Management: Stephen Compagni Portis

Under Negotiation: _____ Price _____Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Piers 33½.

b. Property: Piers 27-31
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
SF Piers LLC: Tom Hart and Rocky Fried

Under Negotiation: _____ Price _____Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Piers 27-31.

c. Property: Pier 9
Person Negotiating: Port: Phil Williamson, Project Manager
*Water Transit Authority: Steve Castleberry

Under Negotiation: _____ Price _____Terms of Payment _X__Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 9.

13. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

Vote on whether to approve proposed settlement of anticipated claim of William Spencer Company. (Listed above, Closed Session, Item No. 12B(1)a.)

(See attached file: 09-26-06 Closed Session Agenda (Anticipated Claim: Spencer and Existing Litigation: Pacific Cement). (See attached file: 09-26-06 Vote regarding Settlement (Spencer Anticipation Litigation).

14. ADJOURNMENT

OCTOBER/NOVEMBER/DECEMBER 2006
CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
October 10	**3:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**
October 24	**3:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**
November 14	**2:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**
December 12	**2:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**

NOTES:

The San Francisco Port Commission meets regularly on the 2nd and 4th Tuesday of the month at 3:00 p.m., unless otherwise noticed. ***The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com.*** Contact Amy Quesada at 274-0406.

The Cruise Terminal Environmental Advisory Committee generally meets the third week of each month. Date and time to be determined. Contact Michael Nerney at 274-0416.

The Environmental Quality Advisory Committee (EQAC) meets regularly on the fourth Thursday of the month at 9:00 a.m. at Scoma's Restaurant, Pier 47 @ Fisherman's Wharf. Contact Jay Ach @ 274-0562.

The Fisherman's Wharf Waterfront Advisory Group meets regularly on the 3rd Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Kirk Bennett @ 274-0545.

The Maritime Commerce Advisory Committee (MCAC) meets on a bi-monthly basis, on the third Thursday of the month, from 11:30 a.m. to 1:30 p.m. @ Pier 1. Contact Jill Rodby @ 274-0519.

The Mission Bay CAC meets regularly on the 2nd Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Tom Evans, Redevelopment Agency, at 749-2539 or tom.evans@sfgov.org for more information.

The Northeast Waterfront Advisory Group meets regularly on the 1st Wednesday of the month at 4:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Kirk Bennett @ 274-0545.

The Central Waterfront Advisory Group meets monthly on an as-needed basis generally on the 3rd Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or via email @ Mark_Paez@sfport.com.

The Rincon Point-South Beach CAC meets regularly on the 3rd Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Tom Evans, Redevelopment Agency, at 749-2539 or tom.evans@sfgov.org for more information.

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david_beaupre@sfport.com.

The Waterfront Design Advisory Committee meets jointly with BCDC's Design Review Board on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. or the Committee meets as needed on the 3rd Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625.

The Port Permit Appeals Committee meets regularly on the first Thursday of June and December of the year. For further information contact Ed Byrne at 274-0570 or Dan Hodapp at 274-0625.

ACCESSIBLE MEETING INFORMATION

Ferry Building: The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets.
C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington St., Folsom St. & Drumm St.

Pier 1:
The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:
In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals. A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact John Scott, Port's ADA Coordinator, at 274-0571. The Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance. Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at http://www.sfgov.org/sunshine/

Lobbyist Registration and Reporting Requirements. Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

PORT OF SAN FRANCISCO

MEMORANDUM

September 21, 2006

TO: MEMBERS, PORT COMMISSION
Hon. Anne Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Wilfred Hsu

FROM: Monique Moyer
Executive Director

SUBJECT: Approval of the subletting of the Premises at Pier 26 under Port Lease L-14087 with David W. Romero to Shelton Theater, LLC for use as office space for a term of six (6) months, commencing October 1, 2006 and ending March 31, 2007.

DIRECTOR'S RECOMMENDATION: APPROVE SUBLEASE

Background

On March 31, 2006, and pursuant to Port Commission Resolution 93-127, the Executive Director executed Port Lease No. L-14087 ("Lease") with David W. Romero, an individual ("Romero") for approximately 2,101 square feet of office space on two floors at Pier 26. The term of the Lease is one (1) year, commencing April 1, 2006 and terminating on March 31, 2007. The Base Rent for the Premises under the Lease is $3,876.75 per calendar month.

The Premises no longer suits the needs of Romero; however, the Lease does not terminate until March 31, 2007. Romero proposes to continue to meet his obligations under the Lease through March 31, 2007 by subletting all of the Premises to Shelton Theater, LLC.

Port Real Estate staff has reviewed the proposed transaction and the Lease Application and credit information supplied by Shelton Theater, LLC and is comfortable that Shelton Theater, LLC can meet all of the obligations of the terms and conditions of the Lease. A draft sublease document has been submitted for approval by Romero and Shelton Theater, LLC. The salient terms and conditions of the proposed sublease are as follows:

THIS PRINT COVERS CALENDAR ITEM NO. 4A

Lessor:	San Francisco Port Commission
Sublessor:	David W. Romero
Subtenant:	Shelton Theater, LLC
Subleased Premises:	2,101 square feet of Office Space at Pier 26, the Premises under Port Commission Lease No. L-14087 with David W. Romero, as tenant.
Sublease Rent:	$3,876.75
Term:	Six (6) months commencing October 1, 2006 and terminating March 31, 2007.
All other Terms and Conditions:	As set forth in Lease No. L-14807.
Port's Required Consent:	Section 21.2 (Port's Required Consent) of the Lease provides that the Tenant shall not make or permit any Transfer (including, without limitation the proposed sublease) of the Lease except with the prior written consent of the Port in each instance as evidenced by Port Commission resolution.

RECOMMENDATION

Port Real Estate staff recommend that the Port Commission: (1) approve the proposed sublease of the Premises affected by Lease No. L-14087 by David W. Romero as Sublessor and Shelton Theater, LLC as subtenant, and (2) authorize the Executive Director to take all such further action required, in consultation with the City Attorney, to effect the same so long as the existing obligations or liabilities of the City and Port are not materially increased and the benefits to the Port are not materially decreased.

Prepared by: Elliott Riley, Senior Property Manager

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION NO. 06-69

WHEREAS, Charter Section 3.581 of the Charter of the City and County of San Francisco empowers the Port Commission with the power and authority and duty to use, conduct, operate, maintain, manage, regulate and control the Port area(s) of the City and County of San Francisco; and

WHEREAS, Section 3.581(g) of the charter of the City and County of San Francisco provides that leases granted and made by the Port Commission should be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, On March 31, 2006 and pursuant to Port Commission Resolution 93-127, the Port, as Landlord entered into Lease No. L-14087 for real property located at Pier 26 (Premises) with David W. Romero, as Tenant; and

WHEREAS, Lease No. L-14087 has a Term of one (1) year commencing April 1, 2006 and terminating March 31, 2007; and

WHEREAS, David W. Romero has proposed to sublease the Premises affected by Lease No. L-14087 to Shelton Theaters, LLC; and

WHEREAS, Lease No. L-14087 provides that any transfer of the lease including without limitation the proposed sublease by David W. Romero to Shelton theater, LLC must be approved b the Port, which approval must be evidenced by Port Commission Resolution; and

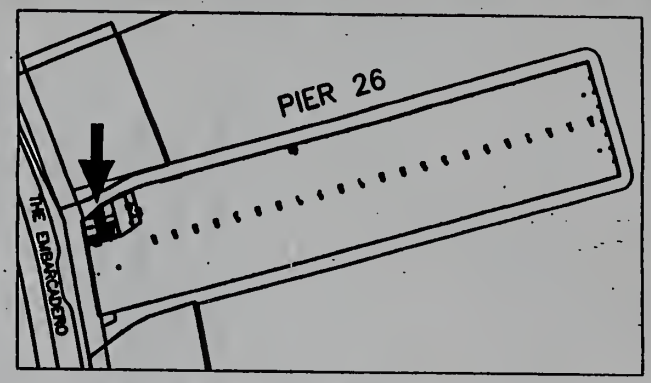
WHEREAS, David W. Romero is a tenant in good standing and is not in default of any of his obligations under the terms and conditions of Lease no. L-14087; now, therefore, be it

RESOLVED, That the San Francisco Port Commission hereby consents to the sublease by David W. Romero of the Premises affected by Lease No. L-14087 to Shelton Theaters, LLC on the terms and conditions described in the Memorandum to Port Commissioners dated September 26, 2006; and be it further

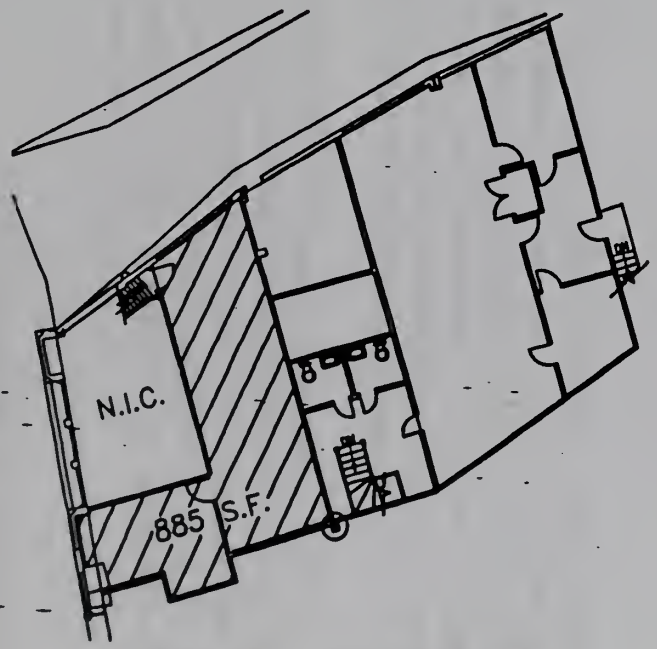
RESOLVED, that the Port Commission hereby authorizes the Executive Director, in consultation with the City Attorney, to take all such further action as is necessary to implement the intent of this Resolution to the extent that the obligations or liabilities of the City and County of San Francisco and the Port are not materially increased, or the material benefits to the City and County of San Francisco or the Port are not materially decreased.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of September 26, 2006.

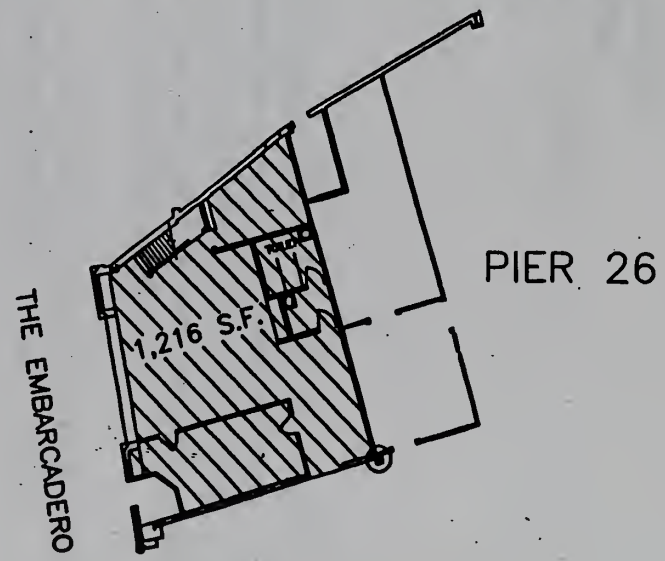
_____
Secretary



LOCATION MAP



PIER 26 – SECOND FLOOR



PIER 26 – FIRST FLOOR

EXHIBIT A

INITIALS: PORT TENANT

LEASE NO.	SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO	TENANT:	DRAWN BY: S. CHU	DATE: FEB. 15, 2006
L-14087		DAVID W. ROMERO	CHECKED BY:	SCALE:
			PLACE CODE NO. 1260-0-0000	SHEET NO. OF SHEETS

G:\06 Property Files\Lease Maps\EXHIBITS-PIERS\P26Romero

PORT OF SAN FRANCISCO

MEMORANDUM

September 21, 2006

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Wilfred Hsu

FROM: Monique Moyer
Executive Director

SUBJECT: Request authorization for the Executive Director to enter into an agreement and/or lease amendment with Inspection Services, Inc., regarding its Lease No. L-13074 for premises at Pier 26, for the payment of delinquent rent in the amount of $48,110.75 in 12 monthly installments at 4 percent annual interest, and a release and waiver of all claims against the City and County of San Francisco.

DIRECTOR'S RECOMMENDATION: RECOMMEND APPROVAL FOR THE PORT DIRECTOR TO EXECUTE AN AGREEMENT BETWEEN THE PORT OF SAN FRANCISCO AND INSPECTION SERVICES, INC.

BACKGROUND

On May 2, 2001, the Port and Inspection Services, Inc. ("ISI") entered into a five (5) year lease, commencing on October 22, 2001 and terminating on November 21, 2006, under Port Lease Number L-13074 for space in Pier 26 consisting of approximately 1,952 square feet of second floor office space in the north bulkhead building and approximately 2,285 square feet of shed space in Bay(s) B/C, and approximately 1,519 square feet of shed space in Bay(s)7/9 located at Pier 26, The Embarcadero, in the City and County of San Francisco, State of California.

The Lease provides that ISI is entitled to rent credits for Tenant Improvements to offset construction costs up to Two Hundred and Five Thousand Dollars ($205,000) to be applied against Tenant's base rent during the Term at a rate not greater than Three Thousand Four Hundred and Sixteen Dollars and Sixty Seven Cents ($3,416,67) per month for sixty (60) months. The Lease provides that in no event shall Tenant be entitled to the application of rent credits beyond the expiration or earlier termination of the Lease.

This Print Covers Calendar Item No. 4B

ISI submitted their initial documentation for $104,533.09 of Tenant Improvements and those credits were approved and applied from April 29, 2002 to May 2004. This left a balance of $100,466.91 eligible for credits.

ISI made a second submittal for rent credits for Tenant Improvements late in 2003. Meanwhile, ISI had engaged in "self help" and withheld rent totaling $48,110.75 in anticipation of receiving rent credits for the second submittal. The Port did not issue a credit for this amount because the Lease restricts credits for Tenant Improvements to $3,416.67 per month and ISI was already receiving a credit of this amount for the time in question as a result of the first submittal.

The Port recognizes that we may have contributed to the confusion concerning allowable rent credits by our failure to certify the second submittal in a timely manner. However, ISI was required to pay rent and had no right to any credits except those certified according to the provisions of their Lease Number L-13074.

ISI also indicated that they are eligible for an additional rent credit in the amount of $3,075.00 to offset the cost of their construction bond. There is correspondence in the Lease file indicating that there were discussions concerning this matter, but no evidence exists to indicate that such a credit was ever approved by the Port Commission.

AGREEMENT

The Port and ISI wish to resolve their dispute and therefore propose to enter into an Agreement as follows:

1. ISI will drop its claim of $3,075.00 as a rent credit to offset their construction bond.
2. In addition to base rent, ISI agrees to pay the Port $48,110.75 of unpaid rent in twelve (12) monthly installments of $4,009.23 beginning upon execution of the Agreement and the Port will allow ISI to "hold over" during the repayment period.
3. The Port will forgive all service charges related to this matter for the disputed period December 1, 2002 to May 1, 2004 totaling $12,875.92 and reverse subsequent service charges related to this matter, now totaling $14,114.83, in the amount that has accrued at the time this Agreement is fully executed.
4. ISI will pay the Port four (4) percent annual interest on the $48,110.75 during the repayment period.
5. In the event ISI defaults on the payment schedule, the full amount of the delinquent rent unpaid shall become immediately due and the Port reserves the right to seek all other remedies available under law and in equity.

Prepared by: Elliott Riley
Senior Property Manager

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 06-70

WHEREAS, Charter Section 3.581 of the Charter of the City and County of San Francisco empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area(s) of the City and County of San Francisco; and

WHEREAS, Section 3.581(g) of the Charter of the City and County of San Francisco provides that leases granted and made by the Port Commission should be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, On May 2, 2001, the Port and Inspection Services, Inc. (ISI) entered into a five (5) year lease, Lease Number L-13074 ("the Lease"), for space in Pier 26 consisting of approximately 1,952 square feet of second floor office space in the north bulkhead and approximately 2,285 square feet of shed space in Bays B/C and approximately 1,519 square feet of shed space in Bay(s) 7/9 in the City and County of San Francisco for a term of five (5) years at a base rent of $6,363.74; and

WHEREAS, ISI engaged in "self help" and withheld rent from the Port totaling $48,048.00 for the period of December 1, 2002 to May 1, 2004 in anticipation of receiving rent credits for Tenant Improvements; and

WHEREAS, The Port was already issuing rent credits to the Tenant for Tenant Improvements during the period of December 1, 2002 to May 1, 2004 and was unable to issue additional credit during this period due to restrictions in the Lease; and

WHEREAS, ISI claims that it is eligible for an additional credit of $3,075.00 to offset the cost of a construction bond; and

WHEREAS, There is correspondence in the file indicating that there were discussions concerning the construction bond, but no evidence that such a credit was ever approved by the Port Commission, and it is clear that ISI is not eligible for rent credits without the approval of the Port Commission; and

WHEREAS, The Port and ISI wish to resolve their disagreement without the need for litigation and therefore propose to enter into an Agreement, the material terms of which would provide that ISI will drop its claim of $3,075.00 in rent credit for the cost of the construction bond; ISI will pay the Port $48,110.75 of unpaid rent in twelve (12) monthly installments beginning on the date provided in the Agreement; the Port will forgive all service charges related to

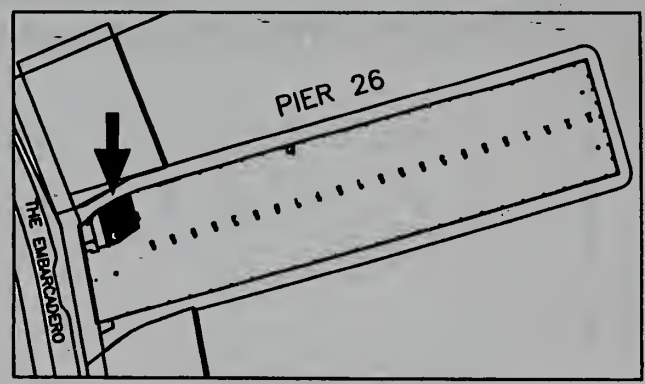
this matter; ISI will pay the Port four (4) percent annual interest on the $48,110.75 unpaid rent during repayment period; and in the event ISI defaults on the payment schedule, the remaining balance of the amount owed the Port shall become immediately due and payable, and the Port reserves the right to seek all remedies available under law and in equity; and

WHEREAS, ISI will be allowed to holdover as a month-to-month tenant through the repayment period as defined by the Agreement; NOW, THEREFORE, BE IT

RESOLVED, That the San Francisco Port Commission hereby authorizes the Port Executive Director to execute an Agreement with ISI that incorporates the terms set forth above in this resolution.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of September 26, 2006.

_____
Secretary



LOCATION MAP

EXHIBIT A

INITIALS: PORT _____ TENANT _____

PIER 26 – SECOND FLOOR

LEASE NO.		TENANT:		
L- 13074	SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO	ISI INSPECTION SERVICES, INC.	DRAWN BY: S. CHU	DATE: APRIL 3, 2001
			CHECKED BY:	SCALE:
			PLACE CODE NO. 1260-2-0000	SHEET NO. OF SHEETS

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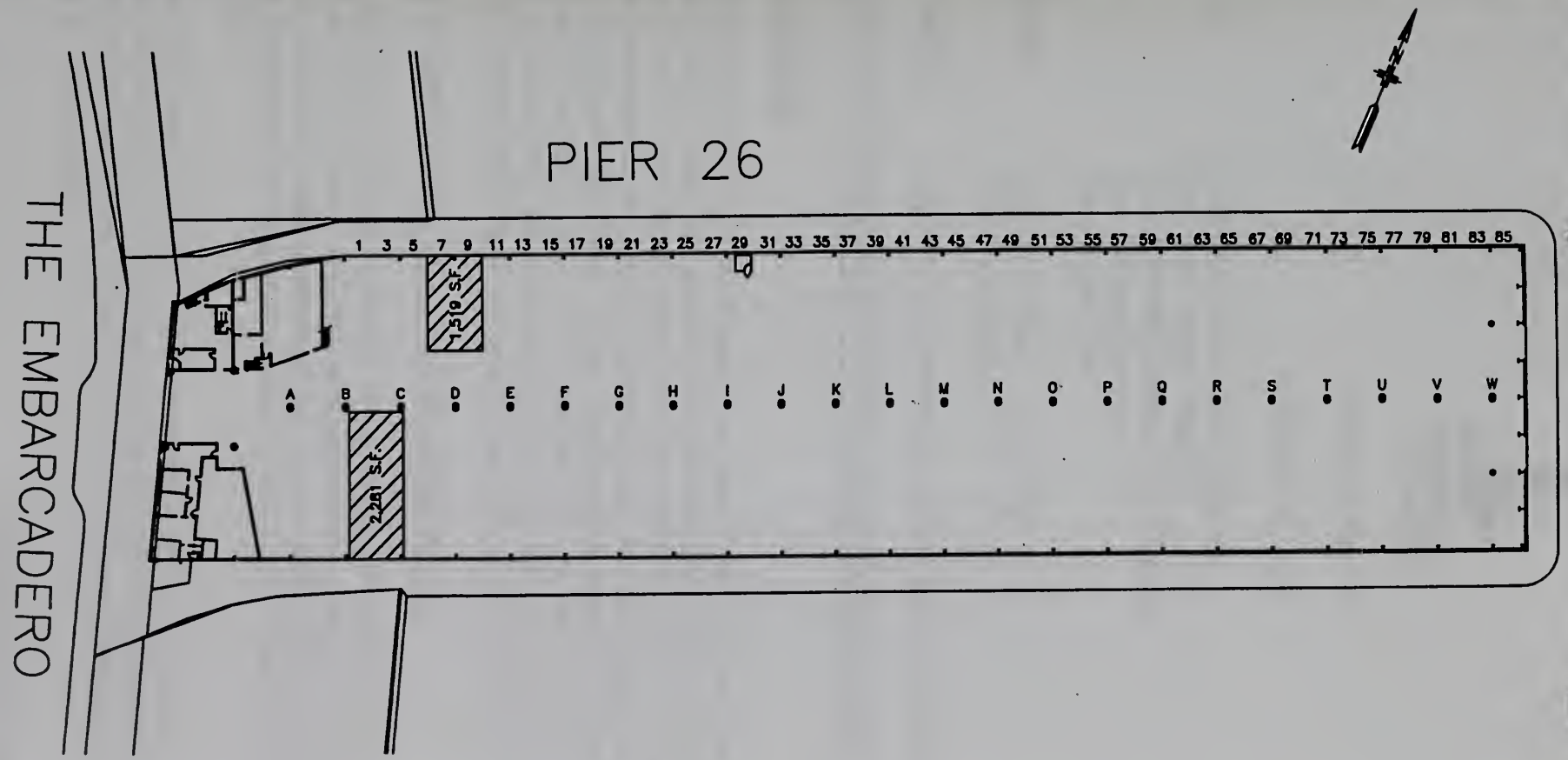

EXHIBIT B

INITIALS: PORT _____ TENANT _____

AREA = 1,519 S.F.
AREA = 2,281 S.F.
TOTAL AREA = 3,800 S.F.

LEASE NO. L-13074	SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO	TENANT: ISI INSPECTION SERVICES, INC.	DRAWN BY: S. CHU · DATE: APRIL 3, 2001 CHECKED BY: · SCALE: PLACE CODE NO. 1260-0-0000 · SHEET NO. OF SHEETS

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PORT OF SAN FRANCISCO

MEMORANDUM

September 21, 2006

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon Vice President
Hon. Michael Hardeman
Hon. Wilfred Hsu

FROM: Monique Moyer
Executive Director

SUBJECT: Approval to Waive Permit and Use Fees for 2006 Fleet Week.

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION

Background

Since 1981, The Port of San Francisco has hosted San Francisco Fleet Week activities. Fleet Week is a civic celebration and an annual opportunity for Northern Californians to honor the men and women serving in the United States Navy, Coast Guard and Marines. This year approximately 9,000 crewmembers on ten visiting ships will arrive in the City to participate in Fleet Week. Ships, including three from the Canadian Navy, will be berthed at Piers 80, 32/32, 27, 15/17 and Pier 35. The stars of the show will be both the aircraft carrier USS Nimitz which will berth in the Bay, as well as the U.S. Navy Blue Angels which will fly two air shows and are celebrating their 60th year anniversary.

Port of San Francisco's Guidelines for Special Events

In April 2006, the Port Commission approved new protocols for the permitting of special events at the Port aimed at clarifying regulations and procedures and establishing use fees. Among these requirements and procedures are the need for a license to use property, building permits, certificates of insurance, ADA, environmental and regulatory permit review.

The 2006 Special Event Fee Schedule outlined in the Port guidelines for special events is attached as Exhibit A. Use of port premises for a public special event such as Fleet Week is $2,000 per day for overall use of the Port, as well as an additional $10,000 per day charge for Pier 30/32.

This Print Covers Calendar Item No. 4C

Recommendation

For 25 years, the Port has been a proud sponsor of Fleet Week. In 2006, in addition to a $20,000 sponsorship contribution, the Port is asking permission from the Port Commission to waive approximately $25,000 in fees associated with the occupancy of various piers at the Port by participating vessels as well as any applicable building permit fees from the organizing committee.

Prepared by: Peter Dailey
Deputy Director, Maritime

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 06-71

WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within the Port jurisdiction; and

WHEREAS, Port of San Francisco Guidelines for Special Events was approved by the Port Commission in April 2006 and details use fees for port property as well as requirements such as insurance, use permits and other procedures; and

WHEREAS, the Port has proudly hosted Fleet Week activities since 1981; and

WHEREAS, this year the Port will be host to ten different U.S. Navy, U.S. Coast Guard and Canadian Navy vessels; and

WHEREAS, upward of 9,000 service members will be visiting San Francisco as well as will be the world famous Blue Angels who are celebrating their 60th anniversary; and

WHEREAS, thousands of residents and visitors will come to the Port to visit the various ships and watch the Blue Angels; now, therefore, be it

RESOLVED, that the San Francisco Port Commission hereby approves the waiving of approximately $25,000 in special event use fees and be it further

RESOLVED, That the San Francisco Port Commission hereby delegates to the Port Executive Director the authority to waive special event use fees to the Fleet Week Organizing Committee in 2006.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of September 26, 2006.

_____
Secretary

EXHIBIT A

SPECIAL EVENTS AND FILMING FEE SCHEDULE FISCAL YEAR 2006-07

	Proposed
Still Photo Shoot	
Outdoor:	
Simple per day	$1,000.00
Major per day	$2,000.00+
Indoor:	
Piers simple per day	$1,000.00+
Piers major per day	$2,000.00+
Pier 1 per day (Port offices - after hrs.)	$2,000.00+
Pier 1 – Bayside 1-4	$2,000.00
Filming	
Simple per day	$1,000.00+
Major per day	$2,000.00+
Special Events	
Athletic events (walk/run/bicycle) per day	$1,000.00
Private event per day	$2,000.00+
Public event per day	$2,000.00+
Pier 30/32 – Entire Pier	
Private event:	
Event day	$12,500.00
Set-up per day	$ 2,500.00
Paid attendees:	
Event day	$15,000.00
Set-up per day	$ 2,500.00
Free admittance:	
Event day	$10,000.00
Set-up per day	$ 2,500.00

Partial Pier - Fee to be based on a pro-rata share of fee for entire pier.

PORT OF SAN FRANCISCO

MEMORANDUM

September 21, 2006

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon Vice President
Hon. Michael Hardeman
Hon. Wilfred Hsu

FROM: Monique Moyer
Executive Director

SUBJECT: Approval to waive permit and use fees for 2006 Madonna del Lume Celebrations and the Blessing of the Fishing Fleet.

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION

Background

On October 1st, a true San Francisco tradition, the Madonna del Lume Celebration and the Blessing of the fishing fleet will take place at the Port. These traditions were brought to San Francisco in 1935 by Sicilian fisherman families and organized among the parishioners of Saint Peter and Paul Church. The parade takes the portrait of the Madonna del Lume from Washington Square to Fisherman's Wharf. These events honor San Francisco's fishing history and the patroness of Porticello, Sicily whose emigrants contributed to the founding of Fisherman's Wharf. A stage will be placed on Port property at Jefferson St. where citizens and visitors will gather to watch the procession.

Port of San Francisco's Guidelines for Special Events

In April 2006, the Port Commission approved new protocols for the permitting of special events at the Port aimed at clarifying regulations and procedures and establishing use-fees. Among these requirements and procedures are the need for a license to use property, building permits, certificates of insurance, ADA, environmental and regulatory permit review.

The 2006 Special Event Fee Schedule outlined in the Port guidelines for special events is attached as Exhibit A. Use of port premises for a public special event such as the Madonna del Lume and the Blessing of the Fishing Fleet is $2,000 per day for overall use of the Port. A copy of the rate schedule is attached for review.

This Print Covers Calendar Item No. 4D

Recommendation

The Madonna del Lume Celebration and the Blessing of the Fishing Fleet are important events for both the City and the Port. Port staff is asking permission from the Port Commission to waive approximately $2,000 in fees associated with the occupancy of various piers at the Port by the La Madonna del Lume Celebration Committee as well as any applicable building permit fees.

Prepared by: Peter Dailey
Deputy Director, Maritime

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 06-72

WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within the Port jurisdiction; and

WHEREAS, Port of San Francisco Guidelines for Special Events was approved by the Port Commission in April 2006 and details use fees for port property as well as requirements such as insurance, use permits and other procedures; and

WHEREAS, the Port has proudly hosted the Madonna del Lume Celebrations and the Blessing of the Fishing Fleet for many decades; and

WHEREAS, On October 1, 2006 the Port will again host these events; and

WHEREAS, many thousands of San Franciscan's and visitors will witness the procession and the accompanying ceremony; now, therefore, be it

RESOLVED, that the San Francisco Port Commission hereby approves the waiving of approximately $2000 in special event use fees and be it further

RESOLVED, That the San Francisco Port Commission hereby delegates to the Port Executive Director the authority to waive special event use fees to the Madonna del Lume Celebrations and the Blessing of the Fishing Fleet Celebration Committee in 2006.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of September 26, 2006.

_____
Secretary

EXHIBIT A

SPECIAL EVENTS AND FILMING FEE SCHEDULE FISCAL YEAR 2006-07

	Proposed
Still Photo Shoot	
Outdoor:	
Simple per day	$1,000.00
Major per day	$2,000.00+
Indoor:	
Piers simple per day	$1,000.00+
Piers major per day	$2,000.00+
Pier 1 per day (Port offices - after hrs.)	$2,000.00+
Pier 1 – Bayside 1-4	$2,000.00
Filming	
Simple per day	$1,000.00+
Major per day	$2,000.00+
Special Events	
Athletic events (walk/run/bicycle) per day	$1,000.00
Private event per day	$2,000.00+
Public event per day	$2,000.00+
Pier 30/32 – Entire Pier	
Private event:	
Event day	$12,500.00
Set-up per day	$ 2,500.00
Paid attendees:	
Event day	$15,000.00
Set-up per day	$ 2,500.00
Free admittance:	
Event day	$10,000.00
Set-up per day	$ 2,500.00

Partial Pier - Fee to be based on a pro-rata share of fee for entire pier.

PORT OF SAN FRANCISCO

MEMORANDUM

September 21, 2006

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Wilfred Hsu

FROM: Monique Moyer
Executive Director

SUBJECT: Authorization to Execute First Amendment to Amended and Restated Exclusive Negotiation Agreement ("Amended ENA") Extending Term Thereof and Extending Certain Benchmark Deadlines for the Piers 27-31 Mixed-Use Recreation Project with Developer SF Piers LLC (Site Location: The Embarcadero, between Francisco and Battery Streets)

DIRECTOR'S RECOMMENDATIONS: APPROVE EXTENSION OF AMENDED ENA TERM; APPROVE EXTENSION OF BENCHMARK DEADLINES; AUTHORIZE EXECUTION OF FIRST AMENDMENT TO AMENDED ENA

Background

On August 15, 2000, the Port Commission issued an amended request for proposals for the development and long-term lease of the Piers 27-31 Mixed-Use Recreation Project ("Project") as a public-private partnership ("RFP"). Pursuant to the RFP, the Port Commission on April 18, 2001 awarded to SF Piers 27-31, LLC, a wholly owned subsidiary of The Mills Limited Partnership (hereinafter referred to as "Mills") the exclusive right to negotiate the Project, subject to satisfaction of certain conditions. The Port and Mills executed an Exclusive Right to Negotiate Agreement ("ENA") on June 13, 2001. The ENA was subsequently amended, including extending its term until March 31, 2006, which included, among, other terms, a development memorandum reflecting the parties' understanding about the Project (the "Development Memorandum").

In January 2006, Mills proposed assignment of its interest in the ENA to SF Piers LLC, a Delaware limited liability company, whose members are Shorenstein Properties, LLC and Farallon Capital Management (hereinafter referred to as "Shorenstein/Farallon"). In meetings between Shorenstein/Farallon and Port staff, Shorenstein/Farallon confirmed their commitment to achieving the goals and objectives stated in the RFP and to the understandings contained in the

This Print Covers Calendar Item No. 5A

Development Memorandum with Mills. Shorenstein/Farallon also expressed their desire to make modifications to the Project to address community and Board of Supervisors concerns with the Project. Finally, Shorenstein/Farallon requested the Port to agree to an extension of the ENA for a sufficient time period to make these modifications, to complete the environmental review and to complete the negotiations and seek approval of the transaction documents by the Port Commission and the Board of Supervisors.

Port staff reviewed the experience of the proposed assignee, its financial capacity, its commitment to the RFP goals and objectives, and the assignment terms. Based on this review, Port staff recommended to the Port Commission that it consent to the proposed assignment of the ENA to Shorenstein/Farallon, conditioned upon Mills entering into a mutual release agreement with the Port. Staff also recommended that the Port Commission approve proposed amendments to the ENA that were incorporated into an Amended and Restated Exclusive Negotiation Agreement ("Amended ENA"), as negotiated between Port staff and Shorenstein/Farallon. On March 14, 2006, the Port Commission approved this assignment and Amended ENA as recommended by staff.

The Amended ENA provides that its term will automatically expire on September 30, 2006 unless all ten of the Initial Performance Benchmarks stated therein are satisfied by September 30, 2006, including approval by the Port Commission of a resolution endorsing a Revised Development Memorandum, which describes the revised Project and financial terms. Upon satisfaction of all ten of the Initial Performance Benchmarks prior to September 30, 2006, the term of the Amended ENA will automatically be extended, as provided in the Amended ENA.

Since commencement of the Amended ENA, the following Initial Performance Benchmarks have been satisfied by Shorenstein/Farallon:

#3: Submittal of Monthly Reports
#4: Submittal of Community Outreach Program
#10: Weekly Meetings between the Port and Shorenstein/Farallon

However, the following Initial Performance Benchmarks have not been, or will not be, met by the established deadlines (the deadline established in the Amended ENA for each Performance Benchmark is noted in parentheses):

#1: Submittal of the Proposed Plan of Development (July 1, 2006)
#2: Submittal of the Schedule (July 1, 2006)
#5 Submittal of the Trust Consistency Proposal (July 1, 2006)
#6: Submittal of the proposed Regulatory Approval Strategy (July 1, 2006)
#7: Agreement on the Annual Budget for Transaction Costs (August 1, 2006)
#8: Submittal of letter of intent from Active Recreation Operator (September 1, 2006)
#9: Port Commission Endorsement Resolution of the Revised Development Memorandum (September 30, 2006)

The delay in these submittals has resulted from the discovery by Shorenstein/Farallon of significant increases in the cost to develop the Project, including in particular, significant increases in the substructure repair and improvement costs. The investigative work conducted by Shorenstein/Farallon identified the need for a much more extensive scope of work to repair and seismically upgrade the pier substructures than the work originally anticipated by Mills. The

Port's engineering staff, with assistance from an independent consulting engineer, is currently reviewing the conclusions of the Shorenstein/Farallon's consultant team. Shorenstein/Farallon estimates that the substructure repairs and seismic work will cost $145 million, a $67 million increase over the original cost estimate by Mills.

After analyzing these increased costs, Shorenstein/Farallon concluded that the significant increase in these costs makes the Project infeasible as a public-private partnership if only private funding is utilized (with public monies limited to just $2.1 million of rent credits toward the cost of creating the Northeast Wharf Plaza open space). Port staff and Bay Area Economics, the Port's independent real estate economics firm consulting with Port staff on the Project, concurred with this conclusion. Shorenstein/Farallon also concluded that the Project could be feasible as a public-private partnership project only if substantial public monies are invested into the Project in addition to the private funds that Shorenstein/Farallon plans to invest.

In order to provide Shorenstein/Farallon and Port staff time to investigate financial solutions involving public monies and to negotiate financial terms that include public monies, the Port granted several extensions of Benchmarks #1, 2, 5 and 6 from July 1, 2006 until September 15, 2006. During this extended period of time, Port staff and Shorenstein/Farallon have had a lengthy series of negotiation sessions regarding Shorenstein/Farallon's proposed financial terms. The parties have been working hard to try to find mutually agreeable solutions to the huge cost increase in the pier substructure costs. Port staff have been assisted in these negotiations by Robert Gamble, a Senior Managing Consultant with Public Financial Management, Jonathan Stern, Vice President with Bay Area Economics, and City personnel experienced with public finance. As of the date of this Staff Report, the parties had not reached agreement on these terms and Shorenstein/Farallon had not submitted the items required under Benchmarks #1, 2, 5 and 6. Accordingly, there will be no informational presentation of the development proposal at the September 26, 2006 Port Commission hearing. If the parties do reach agreement on financial terms, and the developer submits these items by newly-established deadlines, then Shorenstein/Farallon will present its development plan and financial proposal to the Port Commission at its October 10, 2006 meeting. Shorenstein/Farallon has informed Port staff that they are ready to submit all of the items required under Benchmarks #1, 2, 5 and 6, but believe it is in the best interest of both parties if they defer submittal of the comprehensive development proposal until all of the financial terms have been negotiated.

On August 8, 2006, at an informational presentation, Shorenstein/Farallon presented to the Port Commission its preliminary development plan for the Project. There was no official submission of the plan at that time. This preliminary plan included a revised site plan and use program. Shorenstein/Farallon also presented this preliminary development plan to the Fisherman's Wharf Waterfront Advisory Group on August 15, 2006 and to the Northeast Waterfront Advisory Group on September 6, 2006, as well as to other meetings of stakeholders.

Extension of Amended ENA Term

The initial Term of the Amended ENA expires on September 30, 2006. Shorenstein/Farallon therefore has requested an extension of the Amended ENA Term to October 31, 2006 in order to give the parties sufficient time to reach agreement on new financial terms and incorporate such terms into the Revised Development Memorandum. Port staff hereby requests approval of said extension.

Extension of Benchmarks
As noted above, the current deadline for Benchmarks #1, 2, 5 and 6 is September 15, 2006. Shorenstein/Farallon and Port staff request that the deadline for submittal of these items (proposed plan of development, schedule, trust consistency proposal and regulatory approval strategy) be extended to September 29, 2006.

Benchmark #7 requires that the parties reach agreement on the Annual Budget for Transaction Costs by August 1, 2006. Port staff submitted a draft budget to the developer in early September and verbally agreed with the developer to a deadline of October 1, 2006. The parties request extension of this deadline to October 1, 2006.

Benchmark #8 requires submittal of the letter of intent from the Active Recreation Operator by September 1, 2006. Shorenstein/Farallon has requested an extension of this benchmark deadline to October 16, 2006. This will give the developer additional time to negotiate with an operator once the development concept and financial terms have been submitted to the Port.

Benchmark #9 requires Shorenstein/Farallon to obtain a resolution by the Port Commission endorsing the Revised Development Memorandum prior to September 30, 2006. As indicated above, additional time is required to complete the negotiation of the financial terms, to review the comprehensive development proposal and to negotiate changes or refinements in this proposal. If agreement is reached on these matters, it is anticipated that extensive technical re-drafting of the Development Memorandum will be required. Accordingly, Shorenstein/Farallon has requested an extension of the Benchmark #9 deadline to October 31, 2006 in order to give the parties and their attorneys sufficient time to draft the Revised Development Memorandum and to seek Port Commission approval of this document at its October 24, 2006 meeting.

Port staff hereby requests approval to extend the benchmark deadlines set forth above.

Approval of First Amendment to Amended ENA
Port staff recommends that the Commission authorize and direct the Executive Director to execute the First Amendment to the Amended ENA (herein "First Amendment") extending the Term and the Benchmark deadlines as discussed above, in substantially the form on file with the Commission Secretary.

Staff Recommendation
Port staff request that the Port Commission (1) approve the extension of the Term of the Amended ENA to October 31, 2006; (2) approve the extension of the deadline for Benchmarks #1, 2, 5 and 6 to September 29, 2006; (3) approve the extension of the deadline for Benchmark #7 to October 1, 2006; (4) approve the extension of the deadline for Benchmark #8 to October 3, 2006; (5) approve the extension of the deadline for Benchmark #9 to October 31, 2006; and (6) authorize and direct the Executive Director to execute the First Amendment to the Amended ENA extending all of the above deadlines, in substantially the form on file with the Commission Secretary.

Prepared by: Jennifer Sobol, Project Manager
Planning & Development

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 06-64

WHEREAS, Charter Section B3.581 grants to the Port Commission the authority and duty to use, conduct, operate, maintain, regulate and control the lands within the Port jurisdiction; and

WHEREAS, The Port Commission at its March 14, 2006 meeting, by Resolution No. 06-22, approved the terms of an Amended and Restated Exclusive Negotiation Agreement ("Amended ENA") between the Port and SF Piers LLC, a Delaware limited liability company (herein "Shorenstein/Farallon"); and

WHEREAS, The Term of the Amended ENA expires on September 30, 2006, and Shorenstein/Farallon has requested an extension of the Amended ENA Term to October 31, 2006 in order to give the parties sufficient time to revise the Development Memorandum and incorporate new financial terms into the document; and

WHEREAS, Benchmarks #1, 2, 5 and 6 of the Amended ENA require Shorenstein/Farallon to submit the proposed plan of development, schedule, trust consistency proposal and regulatory approval strategy by September 15, 2006 (as extended by the Executive Director), and Shorenstein/Farallon has requested an extension of this deadline to September 29, 2006; and

WHEREAS, Benchmark #7 of the Amended ENA requires the parties to reach agreement on the Annual Budget for Transaction Costs by August 1, 2006, and Shorenstein/Farallon has requested an extension of this benchmark deadline to October 1, 2006; and

WHEREAS, Benchmark #8 of the Amended ENA requires Shorenstein/Farallon to submit a letter of intent from the Active Recreation Operator by September 1, 2006, and Shorenstein/Farallon has requested an extension of this benchmark deadline to October 16, 2006; and

WHEREAS, Benchmark #9 of the Amended ENA requires Shorenstein/Farallon to obtain a resolution by the Port Commission endorsing the Revised Development Memorandum prior to September 30, 2006, and Shorenstein/Farallon has requested an extension of this benchmark deadline to October 31, 2006; and

WHEREAS, Port staff recommends to the Port Commission that it 1) extend the Term of the Amended ENA to October 31, 2006; 2) extend the deadlines for Benchmarks #1,

2, 5, 6, 7, 8 and 9 to the dates specified above; and (3) authorize and direct the Executive Director to execute the First Amendment to ENA reflecting the above-stated extensions, in substantially the form on file with the Commission Secretary; now, therefore, be it

RESOLVED, That the Port Commission hereby approves the extension of the Amended ENA Term to October 31, 2006; and be it further

RESOLVED, That the Port Commission hereby approves the extension of the deadlines for Benchmarks #1, 2, 5, 6, 7, 8 and 9 to the dates specified above; and be it further

RESOLVED, That the Port Commission hereby authorizes and directs the Executive Director of the Port, or her designee, to execute the First Amendment to the Amended ENA, in substantially the form on file with the Commission Secretary, extending the term of the Amended ENA to October 31, 2006 and deadlines for Benchmarks #1, 2, 5, 6, 7, 8 and 9 to the dates specified above, with the understanding that the final terms and conditions of any lease disposition and development agreement, lease or related documents negotiated between the Port and Shorenstein/Farallon during the exclusive negotiation period will be subject to the approval of the Port Commission; and be it further

RESOLVED, That the Port Commission hereby authorizes and directs the Executive Director of the Port, or her designee, to take all such further actions, including execution of documents in consultation with the City Attorney, as are necessary to implement the intent of this Resolution; and be it further

RESOLVED, That the Port Commission, pursuant to Section 7.2 of the Amended ENA, hereby authorizes the Executive Director of the Port, or her designee, to waive or extend the times for performance of the Performance Benchmarks (as defined in the Amended ENA), including, without limitation, the right to condition such waiver or extension on additional Performance Benchmarks or other conditions required by the Port in its sole discretion, provided that such extension does not extend the Term of the Amended ENA; and be it further

RESOLVED, That entering into the First Amendment to the Amended ENA does not commit the Port Commission to approval of a final lease, lease disposition and development agreement or related documents, and that the Port Commission shall not take any discretionary actions committing it to the Project until it has reviewed and considered environmental documentation prepared in compliance with the California Environmental Quality Act (CEQA.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of September 26, 2006.

_____

Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

September 20, 2006

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Wilfred Hsu

FROM: Monique Moyer
Executive Director

SUBJECT: BART Earthquake Safety/Seismic Retrofit Project
Downtown Ferry Terminal Platform Area

DIRECTOR'S RECOMMENDATION: INFORMATIONAL PRESENTATION; NO ACTION REQUIRED

The San Francisco Bay Area Rapid Transit District ("BART") staff will provide an update for the Port Commission regarding its Earthquake Safety Program and related plans for the future retrofit of BART facilities located in the Ferry Building/Downtown Ferry Terminal area (the "Project"). BART is currently working with an engineering design consultant to prepare preliminary engineering plans for the seismic reinforcement of the transition structure and seismic joints located at and below the Ferry Plaza and Ferry Platform (see Exhibit 1). BART will provide a status report of the engineering design and related information about potential construction impacts and schedule.

Background

In November 2004, Bay Area voters approved bond funding for seismic upgrades that will include the Transbay Tube, which connects Oakland to San Francisco, and reinforcements to seismic joints and the transition structure on the San Francisco side of the Tube at the Ferry Platform.

On July 26, 2005, BART presented information to the Port Commission regarding earthquake vulnerability, retrofit concepts, construction equipment that may be used, and a discussion of trade-offs between construction work shifts and schedule.

A final Environmental Assessment ("EA") for the Project was completed in February 2006 that examined potential environmental impacts of a worst-case construction concept. Based on the

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EA, the Project may impact several Port leaseholds including the Ferry Building and Ferry Plaza (Ferry Building Investors, LLC); World Trade Club (Ferry Plaza Limited Partners); and Golden Gate Ferry Terminal (Golden Gate Bridge Highway and Transportation District) and related public and private business operations, and public access and water transit facilities in the Project area (see Exhibit 2). BART's presentation will include a report of their discussions with potentially affected tenants and subtenants concerning potential Project impacts and plans to avoid or minimize such impacts.

Throughout 2005 and early 2006, BART's preconstruction activities included Port, Port tenant and regulatory agency participation related to the Project conceptual design and potential construction staging, environmental review, agreement negotiations, and due-diligence investigations. These activities have required the Port's active engagement in the project, including:

- ◊ Review and comment on Environmental Assessment of the Project
- ◊ Alternative concepts analysis for temporarily relocating the Golden Gate Ferry Terminal during construction, and subsequent reconstruction
- ◊ Entry permits for soil test-borings and utility investigations on the Ferry Platform
- ◊ Meetings and coordination with affected Port Tenants in the area
- ◊ Agreement negotiations with BART, including Port review and concurrence with agreements between BART and Port tenants

Up to this point, the Project conceptual design included the temporary relocation of the Golden Gate Ferry Terminal berths and passenger facilities in order for BART to gain unrestricted construction access to the north edge of the Ferry Platform and within the passenger terminal area. During the first half of this year, BART and Port staff spent considerable effort focused on the challenges posed by this aspect of the Project. Given concerns about the temporary visual impacts of reconstructing the ferry terminal facility along the eastern promenade of the Ferry Building, the parties engaged in a conceptual design process with affected stakeholders and regulators to examine alternatives such as a floating passenger terminal that would pose fewer construction impacts to the area and possibly prove feasible for long-term use.

In June 2006, BART suspended these discussions in order to pursue engineering alternatives that might not require relocation of the ferry facilities. BART's work program over the course of the summer with its section design engineer, Parsons Brinkerhoff, has included additional due-diligence investigations of the San Francisco site and facilities, including geotechnical analysis of the site soils, and further examination of preliminary engineering design alternatives for the Project. BART's presentation will include a status report of the engineering design for the Project which will indicate the range of potential impacts on Port tenants.

The Port and BART are currently negotiating a Cost Reimbursement Agreement and Indemnification Agreement that will provide a vehicle for BART's reimbursement of Port costs and expenses related to the Project. Staff expects the agreement to be finalized within the next 2-4 weeks.

Prepared by: Kari Kilstrom
Planning & Development

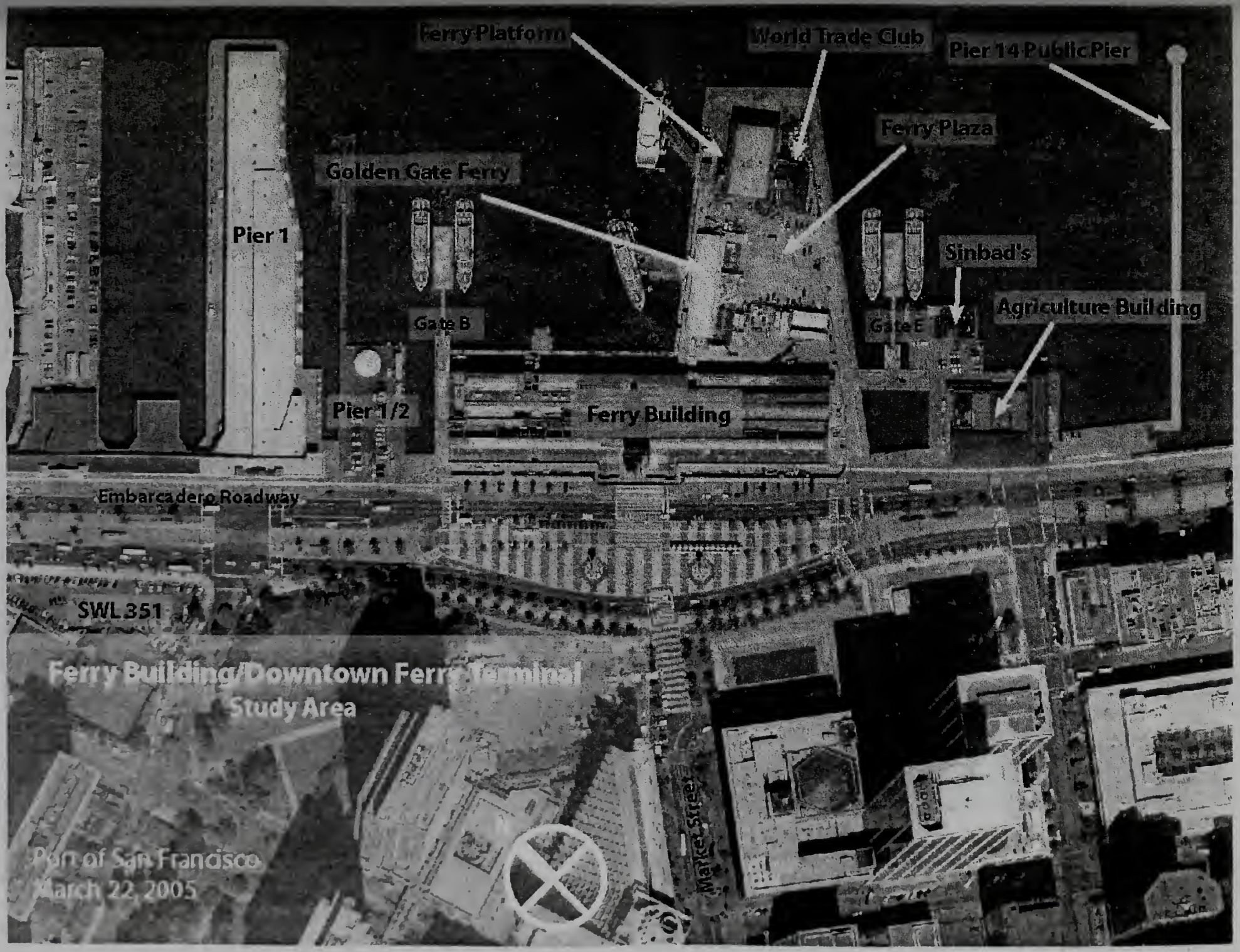
Ferry Platform
World Trade Club
Pier 14 Public Pier
Ferry Plaza
Golden Gate Ferry
Pier 1
Sinbad's
Agriculture Building
Gate B
Gate E
Pier 1/2
Ferry Building
Embarcadero Roadway
SWL 351
Ferry Building/Downtown Ferry Terminal
Study Area
Port of San Francisco
March 22, 2005
Market Street

EXHIBIT 1

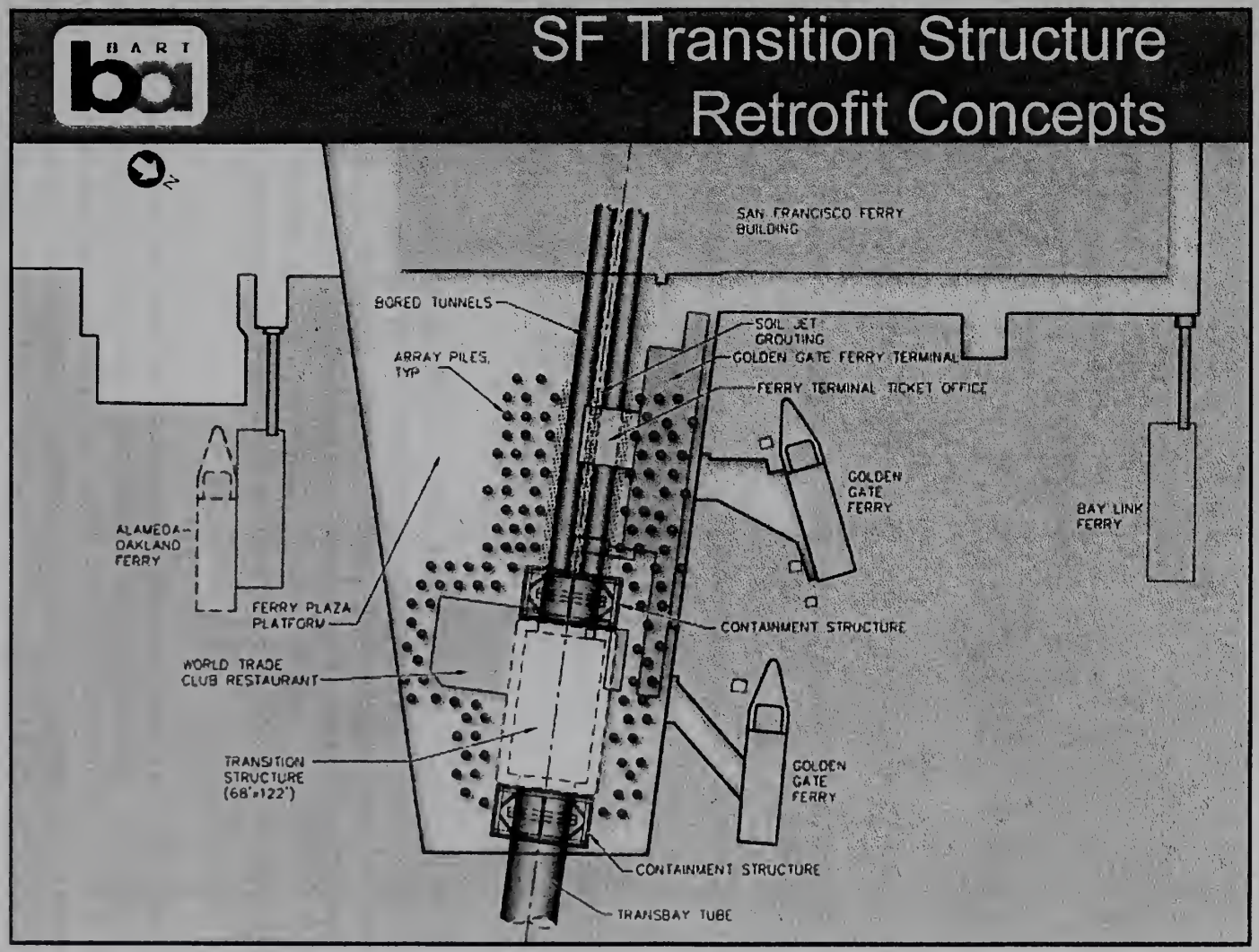
BART
SF Transition Structure
Retrofit Concepts
SAN FRANCISCO FERRY BUILDING
BORED TUNNELS
SOIL JET GROUTING
ARRAY PILES, TYP
GOLDEN GATE FERRY TERMINAL
FERRY TERMINAL TICKET OFFICE
GOLDEN GATE FERRY
BAY LINK FERRY
ALAMEDA-OAKLAND FERRY
FERRY PLAZA PLATFORM
CONTAINMENT STRUCTURE
WORLD TRADE CLUB RESTAURANT
TRANSITION STRUCTURE (68'x122')
GOLDEN GATE FERRY
CONTAINMENT STRUCTURE
TRANSBAY TUBE

EXHIBIT 2

PORT OF SAN FRANCISCO

MEMORANDUM

September 20, 2006

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Wilfred Hsu

FROM: Monique A. Moyer
Executive Director

SUBJECT: Request for approval of Fourth Amendment to the Agreement between the Port of San Francisco, the Municipal Transportation Agency, and CBS Outdoor, Inc., regarding the placement of commercial and noncommercial transit shelters in San Francisco, including locations on The Embarcadero between Folsom and Townsend Streets.

DIRECTOR'S RECOMMENDATION: ADOPT THE PROPOSED RESOLUTION AUTHORIZING STAFF TO EXECUTE A FOURTH AMENDMENT TO THE AGREEMENT WITH THE MUNICIPAL TRANSPORTATION AGENCY AND CBS OUTDOOR, INC.

Background

On June 10, 1987, the City, through the Public Transportation Agency, currently known as the Municipal Transportation Agency ("MTA"), entered into an Advertising Shelter Agreement with Gannett Outdoor, Inc. for the placement of commercial and noncommercial transit shelters throughout San Francisco. That Agreement has been subsequently amended, and assigned to Outdoor Systems, Inc., whose successor is CBS Outdoor, Inc. (Gannett Outdoor, Inc., Outdoor Systems, Inc., and CBS Outdoor, Inc. are referred to collectively as "Contractor".) The Port was not a party to the original agreement.

In 1995, the City began construction of the trackway and boarding platforms for the Muni Metro Extension ("MMX") and the F-Line along The Embarcadero. On September 26, 1995, the Port Commission approved platform locations for the MMX stops and endorsed the design of the transit shelters and wind screens for the facilities. To address the transit shelters located on Port property and add the Port as a signatory to the Agreement, on June 25, 1996, the Port Commission adopted Resolution No. 96-61, authorizing Port staff to enter into the third amendment to the Agreement. The significant terms of the third amendment to the Agreement included the following:

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- The Port permits MTA to erect City-owned transit shelters on the MMX line and F-line platforms for as long as needed by the City for public transit purposes, subject to the Port's approval;

- The Port grants to Contractor the right to erect and maintain advertising transit shelters on Port property, subject to the Port's prior approval.

- The Port Commission has sole discretion to approve design and location for transit shelters on Port property, provided that the Port Commission will take into consideration the MTA's determination of those locations that provide the greatest convenience for transit patrons;

- Transit shelters located at F-line boarding islands shall maintain a ratio of 2:1 of advertising panels to nonadvertising/Port promotions or public service announcements panels;

- The Port Executive Director may require the removal or relocation of the transit shelters on Port property for convenience of pedestrians and bus patrons or for reasons due to maintenance and vandalism problems;

- The Contractor is responsible at its sole cost for installation and maintenance of all transit shelters approved on Port property, other than the MMX line and F-line shelters, which shall be installed and paid for by the MTA (with some contribution from Contractor);

- The Port has a right of first refusal as to any unsold advertising space located on the MMX boarding platforms, which may be used by Port for information and public service purposes related to Port, its tenants, or special events;

- At least twice a year, the Contractor agrees to design and furnish at its sole cost at least thirty posters as a public service and information campaign, promoting the Port, its tenants and special events. Each campaign shall last at least four weeks, and a majority of the posters shall be placed on shelters located in the City. All designs shall be subject to Port's prior approval, and Port shall be consulted as to potential available display space location;

- No tobacco advertising shall be allowed on transit shelters within Port property. Alcohol advertising shall not be allowed on more than 10% of commercial transit shelters within Port property;

- In the event the Contractor fails to carry out any of its responsibilities under the agreement, including its maintenance obligations, Port shall have all remedies available under the Agreement, including drawing down on the security deposit, and terminating the Agreement (subject to concurrence by the MTA, which shall use its best efforts in assisting Port in having the default remedied by the Contractor);

- The Contractor shall indemnify the Port for claims arising from the performance of the Agreement and shall obtain liability insurance which includes the Port as an additional insured.

Recently, The Municipal Transportation Agency (MTA) has requested a fourth amendment to the Agreement to include four 28 platforms on Third Street (which MTA constructed), and eight (8) additional transit platforms along the Embarcadero and King Streets, including four (4) on Port property to service historic streetcars that will travel south of Market Street to Fourth Street. This new extended service will be known as the E-Line, which will operate from Fisherman's Wharf to 4th and King Streets and will start in the future when MTA has additional double-ended historic streetcars and operational funding available.

Project Description

MTA installed and CBS Outdoor, Inc. currently maintain two upper-level MMX streetcar boarding platforms on Port property on the South Embarcadero and has the exclusive right to sell advertising on kiosks located on the platforms. In May 2005, MTA completed the construction of ADA-accessible low-level boarding platforms adjacent to the MMX streetcar platforms on The Embarcadero at Folsom Street and south of Brannan Street to accommodate MTA's plans to run historic streetcars as the future E-line. At the MMX station stops, both northbound and southbound streetcars share a single center-boarding platform. For the E-Line, two shelters will be installed per station stop because the historic streetcars are side-boarding as opposed to center boarding. MTA and CBS Outdoor, Inc. are proposing to install at each E-Line low-level platform two shelters and an associated advertising panel and/or kiosk. As per the Agreement, revenue from the advertising is the basis for installation and maintenance of the platforms and shelters. The Port does not share in any revenue or incur any costs as a result of additional transit stops.

The existing transit shelters at the Folsom Street and Brannan Street stations that service the MMX line are characterized by their translucent wavy roofs, exposed metal supports, light colors, and clear curved glass wind screens. The existing shelters are taller and longer than the proposed; they stand singly between the two tracks, are in an elevated location relative to the street and sidewalk, and are accompanied by a series of two-sided advertising panels. The proposed transit shelter is a smaller (8'-6" height) cantilever design with two rear supporting columns. Similar colors and materials as used on the existing shelters are proposed in an attempt to create a unified appearance.

The Waterfront Design Advisory Committee (WDAC) reviewed the proposed design for the shelters and advertising panels and kiosks on August 22, 2005. The WDAC recommended approval of the proposed shelter and advertising panel design and included direction to CBS Outdoor Inc. to further match finishes with the existing shelters and to limit the height of ad panels.

Agreement Amendment

The MTA staff and CBS Outdoor, Inc. have requested a Fourth Amendment to the Agreement to address shelters on new platforms serving the Third Street Light Rail Line (which are not located on Port property, and do not implicate the Port's obligations or duties) and shelters on boarding islands on The Embarcadero serving the proposed E-Line, as mentioned above. Therefore, MTA staff, Port staff and CBS Outdoor, Inc. have negotiated the terms of the proposed Fourth Amendment to the existing Agreement to allow the proposed improvements and advertising as discussed above. Changes to the Agreement allow installation of the low level boarding islands on The Embarcadero serving the E-Line and the associated advertising. The significant provisions of the Fourth Amendments that are within the Port area include the following:

- The City, through MTA, constructed eight (8) E-Line low-level boarding islands on The Embarcadero and King Street, which are shown on Exhibit L to Amendment 4, four of which are on Port property. The Contractor, CBS Outdoor, at its sole expense, shall install its own shelters on the E-Line boarding islands, and the shelters shall be subject to all design and permit approvals applicable to other Contractor-owned shelters under this Agreement. The City, through MTA, shall be responsible for running electrical service to the E-Line boarding islands.

- CBS Outdoor, Inc. shall display only those advertisements that are in compliance with the advertising policy adopted by MTA (April 15, 2004), which prohibit certain types of advertisements. (A copy of MTA's Advertising Policy is attached as Exhibit A to this Staff Memorandum.) Upon written demand by the Port's Executive Director, CBS Outdoor, Inc. shall remove any advertisements from Port property that are in violation of the advertising policy.

- CBS Outdoor, Inc. shall install at each E-Line low-level platform, an associated advertising panel and/or kiosk, and shall use the advertising panel to display advertising subject to the terms of the Agreement.

- CBS Outdoor, Inc. agrees to provide and install decals on the advertising panels on Port property that read: "The views expressed in any advertisement do not necessarily reflect the views of the Municipal Transportation Agency or the Port of San Francisco."

Recommendation
Approve the attached resolution allowing the Port's Executive Director to enter into the Fourth Amendment to the Agreement regarding MTA's and CBS Outdoor Inc.'s installation and maintenance of four transit shelters and the allowance for associated advertising panels.

Prepared by: Dan Hodapp
Senior Waterfront Planner

Attachments: Proposed Transit Shelter Drawings

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 06-65

WHEREAS, F-Line and MMX streetcar service along The Embarcadero provides access to Port of San Francisco facilities and to the adjoining residential neighborhoods and businesses; and

WHEREAS, Extension of the F-Line streetcars, known as the E-Line, to the southern portion of The Embarcadero would enhance access to Port facilities; and

WHEREAS, The Port of San Francisco, the City and County of San Francisco through its Municipal Transportation Agency (MTA), and CBS Outdoor, Inc., previously entered into an Advertising Transit Shelter Agreement (the "Agreement") to allow advertising at transit stops along The Embarcadero in exchange for CBS Outdoor Inc.'s provision and maintenance of transit shelters and boarding areas on Port property; and

WHEREAS, The content of such advertising is governed by the MTA's Advertising Policy, which is amended from time-to-time without Port Commission input; and

WHEREAS, The MTA plans to provide E-Line service which will include two additional transit stops along The Embarcadero on Port property and include boarding platforms, transit shelters and kiosks at the Brannan Street and Folsom Street locations to allow historic F-Line streetcars to travel south of Market Street to King and Fourth Street; and

WHEREAS, Port Commission approval is being sought for the placement of the MMX and E-Line shelters, and the right to allow CBS Outdoor Inc. to advertise thereon; and

WHEREAS, Port staff, MTA staff and CBS Outdoor Inc. have negotiated an amendment to the Advertising Transit Shelter Agreement, the terms of which are set forth in the Port staff report of Agenda Item 5D for the Port Commission Meeting on September 26, 2006; and

WHEREAS, The Waterfront Design Advisory Committee reviewed the proposed design for the shelters and advertising panels and kiosks at the Brannan Street and Folsom Street locations on August 22, 2005 and recommended approval of the proposed shelter and advertising panel design; therefore be it

RESOLVED, That the San Francisco Port Commission hereby authorizes the Port's Executive Director to enter into Amendment No. 4 of the Advertising Transit Shelter Agreement between the Port of San Francisco, the City and County of San Francisco through its Municipal Transportation Agency, and CBS Outdoor, Inc., to place advertising at transit stops along The Embarcadero in exchange for the provision and maintenance of transit shelters and boarding areas on Port property between Folsom and Townsend Streets.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of September 26, 2006.

_____

Secretary

EXHIBIT A

Adopted April 15, 2004

Municipal Transportation Agency
Policy Governing Advertising on MTA Property

No advertisement posted on MTA property shall:

- be false, misleading or deceptive;
- concern a declared political candidate or a ballot measure to be considered by the voters in an upcoming election;
- promote or feature the unlawful use of firearms;
- be clearly defamatory;
- be obscene or pornographic;
- advocate imminent lawlessness or violent action;
- promote alcoholic beverages or tobacco products;
- infringe on any copyright, trade or service mark, title or slogan.

In addition, decals shall be posted in all revenue vehicles and in all transit bus shelters that state the following: "The views expressed in advertisements posted on MTA property do not necessarily reflect the views of the San Francisco Municipal Transportation Agency." *(Port of San Francisco shall have similar decals where on Port property.)*

This policy shall be effective upon adoption but shall not be enforced to impair the obligations of any contract in effect at the time of its approval. It shall be incorporated into any new contract for advertising on San Francisco Municipal Railway revenue vehicles and Platform Display Sign Systems on or after is July 1, 2004, and shall be incorporated into any new contract for advertising on Bus Transit Shelters on or after July 1, 2007.

The San Francisco Municipal Transportation Agency Board of Directors reserves the right to unilaterally amend this policy at any time upon providing written notice to any affected advertising contractor.

PORT OF SAN FRANCISCO

MEMORANDUM

September 20, 2006

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Wilfred Hsu

FROM: Monique Moyer
Executive Director M Moyer

SUBJECT: California Environmental Quality Act (CEQA) Findings for the Wharf J-10 and Fishery Building Demolition Project

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION AND CEQA FINDINGS FOR THE WHARF J-10 AND FISHERY BUILDING DEMOLITION PROJECT

Background

The Wharf J-10 facility is located in Fisherman's Wharf, on the north side of Fish Alley, between Leavenworth Street and the access road to the Hyde Street Fishing Boat Harbor. In August 2000, the substructure of this pile-supported fish processing facility was determined to be severely deteriorated and unsafe for occupancy. The Port vacated the two tenant businesses from the premises and proposed the demolition to abate the safety hazard which this condition created for the general public, businesses and mariners in the area of the facility.

Wharf J-10 is an historic resource, and the Port was required to complete an Environmental Impact Report (EIR) to study the environmental impacts of the proposed demolition, as well as evaluate historic preservation alternatives to avoid permanent loss of the building. On August 8, 2006, Port staff provided a detailed presentation on the proposed Wharf J-10 demolition, and associated EIR process, which is incorporated by reference. On August 15, 2006, the San Francisco Board of Supervisors approved the Wharf J-10 Final EIR. On September 12, 2006, Port staff provided a presentation and the Port Commission held a public hearing regarding a financial analysis of various historic preservation alternatives for Wharf J-10. A copy of said staff report is attached hereto.

CEQA Findings

Port staff now proposes to move forward with the contract process to solicit bids to carry out the Wharf J-10 Demolition Project. Prior to approving a contractor for this work, the Port

This Print Covers Calendar Item No. 5D

Commission must review and consider the information contained in the Wharf J-10 Demolition and Improvements Final EIR (Final EIR), as approved by the Board of Supervisors on August 15, 2006, and adopt findings. The CEQA findings provide a detailed review of:

1) the scope of construction and associated environmental impacts analyzed in the Final EIR and those activities that are related to the Wharf J-10 Demolition Project;

2) the Final EIR mitigation measures that pertain to, and which are included for implementation as part of the Wharf J-10 Demolition Project;

3) significant adverse environmental impacts of the Wharf J-10 Demolition Project that cannot be mitigated;

4) the Final EIR alternatives and reasons for rejecting those alternatives as infeasible; and

5) a statement of overriding considerations as to why the benefits of approving the Wharf J-10 Demolition Project outweigh the significant unmitigable effects to historic resources as a result of the demolition.

A copy of the Wharf J-10 Demolition and Improvements Final EIR was sent earlier to the Port Commission members under separate cover. The CEQA findings are attached. The CEQA findings include Exhibit 1 which provides a full recitation of the Final EIR mitigation measures that are included in the project for approval. The CEQA findings also include Exhibit 2, which sets forth a mitigation measure monitoring program to detail roles and responsibilities for the implementation of the mitigation measures required for the Project.

A resolution to approve the Wharf J-10 CEQA findings also is attached for consideration and approval by the Port Commission on September 26, 2006.

Prepared by: Diane Oshima
Asst. Deputy Director, Waterfront Planning

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 06-66

ADOPTING FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT RELATED TO THE APPROVAL OF THE WHARF J-10 DEMOLITION PROJECT TO ABATE A PUBLIC SAFETY HAZARD, LOCATED ON SEAWALL LOT 303, ON THE NORTH SIDE OF FISH ALLEY, BETWEEN LEAVENWORTH STREET AND HYDE STREET FISHING HARBOR ACCESS ROAD

WHEREAS, The Planning Commission reviewed and considered the Wharf J-10 Demolition and Improvements Final Environmental Impact Report (Final EIR), San Francisco Planning Department Case No. 2001.0636E by Motion 17274 and found that the contents of the report and the procedures through which the Final EIR was prepared, publicized and reviewed complied with the provisions of the California Environmental Quality Act ("CEQA") and the CEQA Guidelines and Chapter 31 of the San Francisco Administrative Code; and

WHEREAS, By the same motion the Planning Commission found that the Final EIR was adequate, accurate and objective and reflected the independent judgment of the Planning Commission, and the Comments and Responses contained no significant revisions to the Draft EIR, and the Planning Commission adopted findings of significant impacts associated with the project and certified the Final EIR on June 22, 2006; and

WHEREAS, On July 6, 2006, F. Alioto Fish Company appealed the Final EIR to the Board of Supervisors; and

WHEREAS, On August 1 and August 15, 2006, the Board of Supervisors calendared the Final EIR appeal for public hearing and to receive responses from City and Port staff, which documents are contained in Board of Supervisors File No. 060967; and

WHEREAS, On August 15, 2006, the Board of Supervisors unanimously affirmed the certification of the Final EIR by the Planning Commission; and

WHEREAS, The Wharf J-10 Demolition Project consists of the removal of the Wharf J-10 shed superstructure, wharf deck and associated substructure and piles, including a deteriorated retaining wall and approximately 45 cubic yards of soil which lies upland and placement of approximately 400 cubic yards of rip rap to stabilize the shoreline; and

WHEREAS, The Wharf J-10 Demolition Project is consistent with the description of Phases 1 and 2 as described in the Final EIR Project Description, and does not include the implementation of Phases 3 or 4 of the Final EIR Project Description; and

WHEREAS, Pursuant to the requirements of the California Environmental Quality Act, California Public Resources Code Sections 21000 et seq., (CEQA), the Guidelines for Implementation of CEQA, 15 Cal. Administrative Code Sections 15000 et seq., (CEQA Guidelines) and Chapter 31 of the San Francisco Administrative Code, the Port Commission must review and consider the information contained in the Final EIR and adopt findings prior to approving the Wharf J-10 Demolition Project, including findings regarding alternatives, mitigation measures and significant environmental impacts analyzed in the Final EIR, overriding considerations for approving the Project and a proposed mitigation monitoring and reporting program; and

WHEREAS, Project Environmental Impact Report files have been made available for review by the Port Commission and the public, and these files are part of the record before the Port Commission; and

WHEREAS, The Port Commission has reviewed and considered the information contained in the Final EIR; NOW THEREFORE, BE IT

RESOLVED, That the Port Commission herby adopts CEQA findings, including a statement of overriding considerations and a Mitigation Monitoring and Reporting Program, as required by Section 21081.6 of the Public Resources Code, and as attached to this Resolution 06-66 ("CEQA Findings Affirming the Wharf J-10 Demolition Project;" Exhibit 1: Wharf J-10 Final EIR Mitigation Measures Required to be implemented in the Wharf J-10 Demolition Project; and Exhibit 2: Wharf J-10 Demolition Project Mitigation Measure Monitoring Program), including findings with respect to the environmental mitigation measures identified in the Final EIR, the project alternatives, the potential significant environmental effects of the Project, and a statement of overriding considerations supporting the decision to approve the contractor solicitation process for the Wharf J-10 Demolition Project.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of September 26, 2006.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

September 6, 2006

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Wilfred Hsu

FROM: Monique Moyer
Executive Director MMoyer

SUBJECT: No Action Required – Informational Presentation and Public Hearing on Wharf J-10 Historic Preservation Alternatives

DIRECTOR'S RECOMMENDATION: INFORMATIONAL ONLY - NO ACTION REQUIRED

Background

The Wharf J-10 facility is located in Fisherman's Wharf, on the north side of Fish Alley, between Leavenworth Street and the access road to the Hyde Street Fishing Boat Harbor. In August 2000, the substructure of this pile-supported fish processing facility was determined to be severely deteriorated and unsafe for occupancy. The Port vacated the two tenant businesses from the premises and proposed the demolition to abate the safety hazard which this condition created for the general public, businesses and mariners in the area of the facility.

Wharf J-10 is an historic resource, and the Port was required to complete an Environmental Impact Report (EIR) to study the environmental impacts of the proposed demolition, as well as evaluate historic preservation alternatives to avoid permanent loss of the building. On August 8, 2006, Port staff provided a detailed presentation (and supporting staff report dated August 2, 2006) on the proposed Wharf J-10 demolition, and associated EIR process, which is incorporated by reference. On August 15, 2006, the San Francisco Board of Supervisors approved the Wharf J-10 Final EIR. As part of the deliberations, the Port committed to holding a public hearing, separate from any requirements under the California Environmental Quality Act (CEQA), to give the public an additional opportunity to comment on the historic preservation alternatives. This public hearing will occur at the September 12, 2006 Port Commission meeting.

This report reviews the different alternatives studied, and the comparative cash flow analysis produced, pursuant to the Port's commitment as reflected in a letter to the Board of Supervisors, dated August 15, 2006 (see *Attachment A*).

This Print Covers Calendar Item No. 4A

Overview of Analysis

Among the comments received during the J-10 Final EIR appeal process, were requests for more detailed financial analysis of the three historic preservation alternatives studied in that document. The analysis presented in that EIR for those alternatives provided construction cost estimates only, in response to public comments on the Draft EIR. Subsequently, the Port was asked to incorporate additional information in the financial analysis to address two issues:

1) Inclusion of revenues that could be derived from tenant leasing of the historically rehabilitated facility to produce an analysis of net costs; and

2) A more detailed breakdown to distinguish between the costs to implement historic rehabilitation of the existing Wharf J-10 shed, versus costs of standard new construction of fishing industry space at the Wharf J-10 site.

The September 12, 2006 Port Commission public hearing has been scheduled to present information on a net cash flow and comparative analysis to address these issues, and to provide the public the opportunity to comment on that analysis. Table 1, attached, presents estimated construction costs and net cash flow information for four Study Scenarios, described below. To address Item 1 above, the analysis presented in Table 1 assumes the three historic preservation approaches presented in EIR Alternatives B, B-1 and B-2, which are summarized below under "Study Scenarios". For each Study Scenario presented in Table 1, Port staff has supplemented the construction cost information with estimates of operating costs and revenue that could be generated from new leasing of the historically rehabilitated Wharf J-10 facility.

To address Item 2 above, the Port has prepared a construction cost and net cash flow analysis for new fishing industry facilities at Wharf J-10, as presented in the Final EIR Project Description, Phase 4, summarized below under "Study Scenarios". The construction cost estimate and cash flow analysis for new fish processing facilities in this Study Scenario can be compared with the historic preservation Study Scenarios. The net costs of the preservation Study Scenarios are greater than those for the new fishing facilities. That cost differential is a reflection of the premium associated with the special measures that would be required for historic preservation. The cost estimates for the historic preservation Study Scenarios are based on an independent analysis prepared by Moffat & Nichol Engineers in April 2006, which is included in ***Attachment B***. The new construction cost estimates developed for the Phase 4 Study Scenario were prepared by the Port's Engineering Division, based on unit cost estimates derived from waterfront construction projects in San Francisco, which also is included in ***Attachment B***; these cost estimates were also used in the development of the Port's 10-Year Capital Plan, approved by the City in April 2006.

Study Scenarios

As indicated previously, the Study Scenarios included in the cash flow analysis presented in Table 1 are concepts described and analyzed in the Wharf J-10 Final EIR. The three historic preservation Study Scenarios were defined as EIR Alternatives. The Study Scenario consisting of newly constructed fishing industry uses was defined as Phase 4 of the EIR Project Description, which assumes construction of the fish processing replacement facility proposed by

F. Alioto Fish Company for its leasehold. ***Attachment C*** contains the relevant Wharf J-10 Final EIR excerpts, which are summarized below.

EIR Alternative B, Structural Bracing Above Building: This concept would require temporary piles to be driven into the bay floor to support a steel "cage" that would encase, and be attached to, the Wharf J-10 building, shifting the building load off of the wharf deck to the steel cage. The building would be suspended from the cage, enabling the wharf deck and substructure to be demolished and replaced. The shed structure would have to be penetrated at specific points to attach it to the cage, which would result in some loss of historic fabric. In addition, to construct the new wharf, the roof of the shed would probably have to be removed to enable a pile driver to install the new piles for the substructure and deck. Once the new wharf substructure and deck were constructed, the shed building could be detached from the cage and once more supported by the wharf. New utility connections from Fish Alley would be installed. Repairs to the shed structure to close the holes in the building required to secure the building would be carried out consistent with the Fish Alley Architectural Character Design Guidelines.

As reflected in Table 1, the estimated cost for this and the other two historic preservation Study Scenarios would be high, due to the construction requirements of the temporary bracing system described. Because the Wharf J-10 substructure is in such a fragile state, any effort to preserve the existing shed building that sits atop the deck must involve this type of engineering intervention, to provide an alternative support system to hold the building in place while the piles, deck and substructure are replaced. It should be noted that, while these types of engineering approaches are available and effective, it is possible that the construction of temporary bracing could itself trigger partial or full collapse of the substructure and associated damage to any part of the shed building that is not secured.

EIR Alternative B-1, Structural Bracing Beneath the Building: This concept is similar to Alternative B above, requiring a temporary pile-supported bracing system to be installed, but which secures the shed building to a support system built close to the building base rather than from the steel overhead cage support system. Like Alternative B, this concept would require penetrations through the building wall and roof to stabilize the building, before rebuilding the wharf/substructure, respectively. Like Alternative B, new utility connections from the street would be included, as well as structural repairs to the shed, consistent with the Fish Alley Design Guidelines.

EIR Alternative B-2, Temporary Dismantling of Existing Building: This concept also requires installation of a pile-supported steel stabilization system for the shed structure, mounted at the base of the building, but would be carried out in phases rather than having to create a larger bracing system for the entire building. The bracing for this alternative would be carried out modularly, starting at the west end of the building, for 60 foot long segments at a time. Once the bracing for the first 60-foot segment was completed, the corresponding 60 foot long portion of the building would be dismantled, the pieces numbered, and stored temporarily off-site. The Segment 1 wharf deck and substructure would then be replaced, creating a strong working surface that would be used to support the dismantling of building Segment 2. The temporary pile-support system would be taken out and shifted eastward to Segment 2, to support the dismantling of building Segment 2, which would be temporarily stored on the reconstructed deck created in Segment 1. The Segment 2 substructure would then be reconstructed, followed by reassembly of the Segment 2 shed building. This phased process would continue until the

last segment of the substructure and shed building at the east end of the Wharf J-10 site was reconstructed. Thereafter, the Segment 1 building could be retrieved from its off-site storage and reassembled on the Segment 1 substructure.

EIR Project Description, Phase 4: New Construction of Wharf J-10: New construction of fishing industry facilities occupying the entirety of the Wharf J-10 site is the scenario presented in the Wharf J-10 Final EIR as Phase 4 of the Project Description. Phase 4 consists of several components, developed in working sessions with the Fisherman's Wharf community, summarized below and shown in a site plan in ***Attachment D***. These improvements assume that the F. Alioto Fish Company rebuilds its facility within its leasehold, per their proposed plans as analyzed in the Wharf J-10 Final EIR. The Phase 4 improvements consist of a combination of the following:

- Public fish receiving wharf at east end of Wharf J-10 – an approximately 1,800 sq. ft. fish receiving wharf open to general use by fishing boat operators, adjacent to the existing fish hoist at the terminus of Leavenworth Street. The wharf would require pile-supported construction.

- Public fish receiving wharf at the west end of Wharf J-10 – an approximately 1,800 sq. ft. fish receiving wharf, adjacent to the Hyde Street Fishing Harbor, for use by fishing boat operators to transfer their catch from their boats to shore. Construction of this pile-supported wharf is assumed to allow possible future construction of an enclosed fishing receiving building on top of the deck.

- New fishing industry building – approximately 7,000 sq. ft. of fishing industry space in a new pile-supported enclosed structure, adjacent to the east side of the F. Alioto Fish Company leasehold. The site for this improvement includes California Shellfish Company's current leasehold; thus, the new structure in this scenario or any other improvement is dependent on successful negotiations and agreement with California Shellfish Company.

- Floating boat repair dock – a system of floats and ramps for use by fishing boat operators to provide space for minor boat repairs and maintenance. Two options were defined and analyzed in Phase 4: along the bayside of the new fishing industry building described in D above; and at the foot of Leavenworth Street, near the fish receiving wharf described in A above.

Cash Flow Analysis (Table 1)

Table 1 presents a conceptual net cash flow analysis of the Study Scenarios described above. In addition, Table 1 includes the proposed Wharf J-10 demolition scenario for comparative purposes. The discussion presented below is provided to explain each of the columns presented in Table 1:

Total Estimated Sq. Ft.: Total building or facility square footage assumed in the analysis, based on the description and floor areas described in the Wharf J-10 Final EIR.

Estimated Construction Costs: Represents 2006 costs as prepared by Moffatt & Nichol Engineers, and Port Engineering staff, as shown in ***Attachment B***.

Annual Debt Service: This analysis is provided for illustrative purposes only, presenting the amount due annually on a 30-year tax-exempt bond. Port staff has not investigated whether a tax-exempt bond would be allowable by the Internal Revenue Service and State Franchise Tax Board. The net construction costs are assumed to far exceed the financing capabilities of fishing industry businesses, based on current and historical financial information for fishing industry businesses at the Port. However, for the purpose of developing annualized cost estimates associated with the Study Scenarios, this financing mechanism was assumed as it is the most cost effective.

Annual Port Operating Costs: Includes costs for utilities and maintenance assumptions which Port staff estimate at $0.98 per square foot.

Total Annual Costs: Total of estimated debt service and operating costs.

Estimated Annual Tenant Lease Revenues: The lease rate assumed is $0.63/square foot/month, which is a blended rate of the F. Alioto Fish Company's ($0.68 sq./ft./mo) and California Shellfish's ($0.58 sq./ft./mo.) current shed rates.

Net Annual Port Revenues: For all rebuild Study Scenarios, the total annual costs (assuming municipal bond financing of the construction costs) exceed total revenues to the Port, resulting in a net financial loss of between $890,000 and $1.22 million per year, depending on the respective Study Scenario.

Port Capital Plan Issues

These cost coverage requirements raise critical questions for the Port Commission. In April 2006, the City approved the Port's 10-Year Capital Plan, which projects a $1.2 billion need to achieve basic repairs and maintenance of the Port, of which about $415 million in programmed funding was identified from a variety of sources: Port tenants, the Port's operating budget, Port revenue bonds, development projects, and Infrastructure Financing District bonds. Of the remaining $810 million in unfunded projects, the Port Capital Plan indicates that up to an additional 70% of that need could be generated through other potential funding options, but that such assumptions are very speculative.

The costs associated with the Wharf J-10 historic preservation scenarios, or the full rebuild of new fishing industry improvements outlined in Phase 4 above, were not included in the 10-Year Capital Plan. To prioritize funding for Wharf J-10 would require placing this project before other competing and critical maritime projects and historic preservation commitments. For example, the 10-Year Capital Plan recommends $85.9 million in revenue bond proceeds to fund substructure and shed repairs for Piers 9 and 19, which are located in the Embarcadero National Register Historic District; and Pier 50 and Pier 80, which improvements would support the Port Maintenance Department and cargo terminal, respectively. Another $17.5 million is targeted in Infrastructure Financing District tax revenues for basic repairs to infrastructure and key historic resources at Pier 70, which has been determined to be potentially eligible as a National Register historic district. Among the unfunded project demands are other critical facilities such as the

Pier 35 cruise terminal, another contributing resource in the Embarcadero Historic District, which is estimated to require $37.6 million in repairs and maintenance.

The September 12, 2006 public hearing on the Wharf J-10 Study Scenarios will provide an important public comment opportunity to evaluate the merit of those options as part of the larger context of the financial and capital challenges that face the Port.

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Planning & Development

TABLE 1: Wharf J-10 Revenue/Cost Analysis, September 2006

Study Scenarios	Total Estimated Sq Ft	Estimated Construction Costs	(a) Annual Debt Svc*	(b) Annual Port Operating Costs**	(c) Total Annual Costs (a) + (b)	(d) Estimated Annual Tenant Lease Revs***	Net Annual Port Revenues (d) - (c)
Proposed Demolition	24,400	$1,500,000	NA	NA	NA	NA	NA
EIR Alternative B	24,400	16,800,000	$1,359,904	$23,912	$1,383,816	$184,464	($1,199,352)
EIR Alternative B-1	24,400	16,100,000	1,303,243	23,912	1,327,155	184,464	(1,142,691)
EIR Alternative B-2	24,400	17,100,000	1,384,192	23,912	1,408,104	184,464	(1,223,640)
Rebuild New Fish Processing Facilities	27,912	13,269,148	1,074,121	27,354	1,101,475	211,015	(890,460)

* Assumes 5.5% interest rate on a 30-yr., tax-exempt bond.

** Based on per square foot annual operating cost for Pier 45 of approximately $0.98 per sq ft assuming half the level of regular maintenance for first five years due to new condition of re-built facility & reduced electricity cost associated with P 45 ice machine. Assumes no depreciation since the annual debt payment is in the annual cost calculation.

*** First (4) scenarios assume rents at $0.63 monthly per sq ft which is a blended rate of the F. Alioto Fish Company's ($0.68 sq ft mo) & Cal Shells' ($0.58 sq ft mo) current shed rates.

FINDINGS OF THE PORT COMMISSION AFFIRMING THE WHARF J-10 DEMOLITION PROJECT

I. INTRODUCTION

The following findings are hereby adopted by the Port Commission pursuant to the requirements of the California Environmental Quality Act, California Public Resources Code Sections 21000 et seq., (CEQA), the Guidelines for Implementation of CEQA, 15 Cal. Administrative Code Sections 15000 et seq., (CEQA Guidelines) and Chapter 31 of the San Francisco Administrative Code.

These findings are adopted, and incorporated by reference, in the Port Commission Resolution 06-66, dated September 26, 2006, authorizing the Port to initiate a bid process to hire a contractor for the Wharf J-10 Demolition Project.

These findings are based on the Wharf J-10 Demolition and Improvements Final Environmental Impact Report (FEIR), certified June 22, 2006. The Project Description contained in that FEIR consists of the following:
1) Phase 1 – Demolition of Wharf J-10 Shed
2) Phase 2 – Demolition of Wharf J-10 Substructure
3) Phase 3 – Potential Reconstruction, Tenant Replacement Facilities
4) Phase 4 – Potential Reconstruction, Port Development Options

The scope of the project currently being considered by the Port Commission for approval is the demolition of the Wharf J-10 shed and substructure, covered in Phases 1 and 2. The Port Commission is not considering approval of Phases 3 and 4; consequently, as explained in these findings, impacts identified in the FEIR associated only with the implementation of Phases 3 or 4 will not result from the project approval under consideration at this time.

The findings contain the following sections:

Article II is the Description of the Record. Article III contains a description of the Wharf J-10 Demolition project proposed for approval ("Demolition Project"). Article IV sets forth findings as to the disposition of each of the mitigation measures proposed in the FEIR. These findings fall into five categories: (1) measures adopted by the Port Commission exactly as proposed in the FEIR and which will be implemented by the Port Commission; (2) measures adopted by the Port Commission with modifications as a condition of the Demolition Project; (3) measures recommended by the Port Commission for adoption and which are enforceable by City agencies other than the Port Commission, and (4) mitigation measures proposed in the FEIR which the Port Commission rejects because the measures are not applicable to the uses or activities proposed in the Demolition Project. Where measures are modified, the modified language is indicated in the text. Exhibit 1, attached to these findings, contains the full text of the FEIR mitigation measures that will be implemented as part of Port Commission approval

of the Demolition Project, including any modified language for mitigation measures, as discussed below under Article IV. Exhibit 2 contains the Mitigation Monitoring and Reporting Program.

Article V of this document addresses the FEIR alternatives and the reasons for the Commission's rejection of those alternatives in the context of approving the Wharf J-10 Demolition Project. Article VI identifies the significant adverse environmental impacts (including the unavoidable significant adverse impacts) of the Demolition Project, which have not been mitigated to a level of insignificance by the adoption of mitigation measures as provided in Article V above. Article VII contains a Statement of Overriding Considerations, setting forth specific economic, social and other reasons in support of the Port Commission's approval of the Wharf J-10 Demolition Project.

II. DESCRIPTION OF THE RECORD

Location and Custodian of Record.

The public hearing transcripts, a copy of all letters received during the public review period, the administrative record, and background documentation of the FEIR are located at the Planning Department, 1660 Mission Street, San Francisco. The Planning Department is the custodian of record.

Findings are based on substantial evidence contained in the record before the Port Commission. For ease and clarity of reading, specific citations to information in the record upon which each finding is based may have been omitted. In all instances, however, these findings are based on the information contained in the FEIR, as supplemented with information provided by the applicant, consultants, and interested parties, and reasonable inferences drawn from such information, identified below. Much of this information was cited in the FEIR; all of this information has been and will continue to be available for public review at the offices of the San Francisco Planning Department and/or the Port of San Francisco.

For purposes of CEQA and these findings, the record before this Commission includes, without limitation, the following:

A. All application materials and supporting documents submitted by the Port of San Francisco, the Project Sponsor;

B. The Wharf J-10 Demolition and Improvements Final EIR, including the Draft EIR, comments received on the Draft EIR, Responses to Comments, staff initiated text changes, and all appendices;

C. The Mitigation Monitoring and Reporting Program for the Wharf J-10 Demolition Project;

D. All meeting agendas, minutes and reports to the San Francisco Port Commission, Fisherman's Wharf Port Advisory Committee, Fisherman's Wharf Environmental Water Quality Port Advisory Committee, San Francisco Board of Supervisors and other Boards and Commission reports, correspondence, references and material kept in the ordinary course of business associated with the public planning process;

E. All relevant staff, and public reports and memoranda kept in the ordinary course of business providing substantial evidence to support these findings, and the FEIR, including attachments, appendices and references kept in the ordinary course of business;

III. DESCRIPTION OF WHARF J-10 DEMOLITION PROJECT AND FEIR

This section describes the activity the Port Commission authorizes under the Wharf J-10 Demolition Project, and the relationship of these activities to those analyzed in the FEIR. The FEIR considers four phases of activities and improvements for the Wharf J-10 facility, located in Fisherman's Wharf, on the north side of Fish Alley between Leavenworth Street and the Hyde Street Fishing Harbor access road. Those phases contemplate the demolition of the current Wharf J-10 building and substructure to abate a public health and safety hazard currently present due to the severe deterioration of the facility, and possible rebuild options to construct new improvements for fishing industry uses at the project site. Together, these phases constitute the Project Description in the FEIR (pp. 10-37). The Wharf J-10 Demolition Project includes the implementation of only Phases 1 and 2 of the FEIR Project Description (pp. 20-24). These two phases, which are the subject of the Port Commission's approval action, are summarized below.

Demolition Project Description

1) Phase 1 – Demolition of the Wharf J-10 Shed: The removal of the existing building, approximately 19,000 sq.ft. to abate a public safety hazard and to relieve the load on the Wharf J-10 substructure.

2) Phase 2 – Demolition of the Wharf J-10 Substructure: Immediately following the removal of the Wharf J-10 shed, the Port's demolition contractor would remove the Wharf J-10 deck, substructure and all piles, except for 34 "marker" piles which would remain closest to shore to protect mariners from running into the shoreline. The piles would be cut six inches above the mudline to avoid disturbing sediments in the Bay. The removal of the wharf substructure would expose the underlying earthen shoreline embankment. The upper portion of this embankment is supported behind an existing wooden retaining wall that is integrated with the wharf's substructure. The Port's contractor also would remove the top two feet of this retaining wall, which is severely deteriorated and has lost structural integrity. To improve slope stabilization of this shoreline bank, approximately 45 cubic yards of soil would be excavated, and approximately 400 cubic yards of new riprap would be placed within a zone along approximately 350 feet of the length of the bank, from about three feet inland of the current retaining wall location, to varying points of five to 25 feet toward the Bay.

Thereafter, guardrails would be installed at the east and west ends of the site, at the transitions to Wharf J-9 and J-11. Additionally, surface grade adjustments to Fish Alley would be carried out to keep untreated stormwater runoff from flowing to the Bay, and directing them to inlets to the City's combined sewer system. One existing Exxon Mobil groundwater monitoring well currently located at the Wharf J-10 site would have to be properly abandoned prior to demolition, pursuant to requirements of the San Francisco Bay Regional Water Quality Control Board (RWQCB), which also is included as part of a RWQCB Clean-up Order that was issued to Exxon Mobil adopted by the RWQCB in March 2006 to remediate petroleum products in the groundwater resulting from decades of petroleum storage in thanks and pipelines at the site and an upland tank spill from a site on the south side of Fish Alley.

Demolition Project Approvals

The approvals required for the Wharf J-10 Demolition Project include the following:

1) Port Commission selection of a demolition contractor for the Demolition Project, following a competitive construction bid process;
2) Port issuance of a demolition permit for the demolition work
3) San Francisco Bay Conservation and Development Commission (BCDC) authorization of the demolition and removal of the facility, and placement of rip rap for shoreline stabilization.
4) RWQCB authorization of the abandonment and/or any relocation of the groundwater monitoring well at the Project site.
5) RWQCB acceptance of Pollution Prevention Plan documenting methods that will be used during construction to prevent water quality impacts associated with the demolition work.

Relationship of Demolition Project to FEIR Project Description

The Demolition Project is based on the FEIR Project Description for Phases 1 and 2 (pp. 20-24). In addition to the demolition, the FEIR also included an analysis of activities that could be undertaken by tenants or the Port to rebuild facilities at the site. Phases 3 and 4 of the FEIR Project Description (pp. 24-35) describe potential reconstruction of new fishing industry improvements. None of these possible activities are included in the Commission's approval of the Wharf J-10 Demolition Project. These possible future actions include proposals from the current Wharf J-10 tenants, F. Alioto Fish Company, and California Shellfish Company, and potential other future fishing industry improvements, as summarized below:

3) Phase 3 – Tenant Replacement Facilities: F. Alioto Fish Company (F. Alioto) proposal to construct a new, pile-supported fish processing building, containing a total of 17,312 sq. ft. within their current leasehold. California Shellfish (Cal Shell) proposal to construct a 1714 sq. ft. concrete pad over existing solid fill on the north side of Fish Alley, between Leavenworth Street and the F. Alioto leasehold to provide an open air work area in support of Cal Shell's other existing facilities in the Fish Alley area. The Cal Shell proposal is proposed as an interim improvement and would

require an amendment in the configuration of its leasehold, but with no changes to the square footage of the lease.

4) Phase 4 – Port Development Options: A combination of fishing industry improvements, which does not affect the current F. Alioto leasehold, but would require successful negotiations and agreement with Cal Shell to enable the activities as described in the FEIR. These activities are a public fish receiving wharf at the east end of Wharf J-10; a public fish receiving wharf at the west end of Wharf J-10; a new 7000 sq. ft. fishing industry building adjacent to the east side of the F. Alioto leasehold; a floating boat repair dock along the bay side of the new fishing industry building; and a floating boat repair dock at the foot of Leavenworth Street.

Together, Phases 1-4 of the project analyzed in the FEIR would implement the objectives of the project analyzed in the FEIR. These objectives are: (1) eliminate the existing public safety hazard created by the instability of the existing Wharf J-10 substructure and building; (2) appropriately document the cultural significance of Wharf J-10 and any submerged archeological resources on the project site; (3) support fishing industry uses by facilitating Wharf J-10 tenants' reconstruction of a fish processing facility and staging area, storage and loading area; and (4) continue to uphold the land use and urban design policies of the Wharf J-10 site as set forth in the Waterfront Land Use Plan, to promote Fishing Industry uses and facilities that are consistent with the areas identified architectural character, including marine food preparations and fishing vessel support and repair, retail, community facilities and public access. The Demolition Project would assure the implementation of the objectives (1) and (2). Further, it would leave the site in a condition that would allow continued use of the site by the fishing industry and thereby support tenants' efforts to reconstruct fish processing facilities consistent with objectives (3) and (4).

CEQA Process for the Project

On July 17, 2004, the San Francisco Planning Department published a Notice of Preparation of an Environmental Impact Report and an Initial Study of the Project and proposed tenant replacement facilities. The Initial Study included mitigation measures that eliminated or reduced all environmental effects to a below-significant level, except for impacts on historic and archaeological resources. The Wharf J-10 facility is an historic resource and, along with two other buildings at 2907-2909 and 2911 Jones Street, has been determined to be potentially eligible for a California Register Historic District. A detailed discussion of the mitigation measures is provided in Article IV below.

The demolition of the Wharf J-10 would constitute a significant impact on historic architectural resources, both to Wharf J-10 and the potential California Register of Historical Resources-eligible district to which Wharf J10 is a contributor. Additionally, the Initial Study determined that new pile-supported construction at the site could impact archaeological resources, which required further analysis in an EIR. The Initial Study identified alternatives for study in the EIR that would reduce or eliminate any significant environmental effects.

The Wharf J-10 Demolition and Improvements Draft EIR, published on October 15, 2005, included an historic and archaeological resources impact analysis. In addition, for informational purposes, the Draft EIR included Land Use and Hazardous Materials setting and impacts discussions. The Land Use section provides context for the Project setting. The Hazardous Materials section was updated to provide new information regarding the status of ExxonMobil's progress toward remediation of the effects of a spill from the former Mobil Oil Bulk Terminal, in compliance with the RWQCB Order. The former Mobil terminal site is across from, and has impacted, the Project site. Exxon Mobil is now the responsible party for that clean-up effort.

On October 15, 2005, the Planning Department published the Draft EIR and provided public notice of its availability. The Planning Commission held a public hearing on the Draft EIR on November 17, 2005 and comments were accepted until November 29, 2005.

The Draft EIR included three alternatives. In response to comments on the Draft EIR, two additional alternatives, which were variants to Alternative B in the Draft EIR, were added and incorporated into the Final EIR. The five alternatives below are discussed in detail in Article V:

1) Alternative A - The No Project Alternative;
2) Alternative B - Historic Rehabilitation of Wharf J-10 with New Substructure, Structural Bracing Above Building;
3) Alternative B-1; Historic Rehabilitation of Wharf J-10 with New Substructure, Structural Bracing Beneath Building;
4) Alternative B-2, Historic Rehabilitation of Wharf J-10 with New Substructure, Structural Bracing and Temporary Dismantling of Existing Building;
5) Alternative C – Reconstruction of Wharf J-10 with Salvaged Elements

The Planning Department published the Final EIR on June 5, 2006, consisting of the Draft EIR and the Wharf J-10 Demolition and Improvements Comments and Responses. On June 22, 2006 the Planning Commission certified the FEIR by Planning Commission Motion 17274. Following an appeal of the certification to the Board of Supervisors, the Board affirmed the certification on August 15, 2006, by Motion 06-93.

IV: MITIGATION MEASURES

The findings in this section concern mitigation measures set forth in the FEIR, Chapter IV Mitigation Measures and Improvement Measures (pp. 78 – 89). The number coding format for the FEIR mitigation measures are used here in these findings.

As described above, the FEIR Project Description encompasses four phases of work, of which the Port Commission is approving only the first two phases as part of the Wharf J-10 Demolition Project. As a result, not all of the mitigation measures presented in the FEIR apply to the Demolition Project.

In the text of these findings, mitigation measures that are applicable to the Wharf J-10 Demolition Project and which will be adopted by the Port Commission are summarized in a

few sentences followed by an explanation of how the measure will reduce or avoid the identified impact . Mitigation measures within the jurisdiction of other agencies are similarly referenced, along with an indication of the appropriate jurisdiction. Mitigation measures that are modified, or rejected because they are not applicable to Project (i.e. they apply to Phases 3 and/or 4 of the FEIR Project Description) are summarized with sufficient specificity to allow the reader to understand the rationale for modification or rejection. Where mitigation measures are modified, specific revised text is presented.

Exhibit 1, incorporated herein by reference, contains the complete text of each mitigation measure that is required as a condition of the Wharf J-10 Demolition Project, with any modifications shown (additions are underlined; deletions are shown with ~~strike through~~).

Mitigation measures fall into four categories:

1) Mitigation measures adopted by the Port Commission exactly as proposed in the FEIR and which can be implemented by the Port Commission or its demolition contractor;

2) Mitigation measures adopted with modifications to be implemented by the Port Commission or its demolition contractor;

3) Mitigation measures which are implemented or enforced by city agencies other than the Port Commission;

4) Mitigation measures proposed in the FEIR that the Port Commission rejects because it has determined that the measures are not applicable to the Wharf J-10 Demolition Project.

A. Mitigation Measures Adopted by the Port Commission as Presented in the FEIR

The following FEIR mitigation measures are found to mitigate, reduce, or avoid significant environmental effects, and are hereby adopted for implementation by the Port Commission and/or will be incorporated into the contract with the demolition contractor hired to perform the Wharf J-10 Demolition Project for implementation by the demolition contractor.

EIR-1: Documentation of Historical Resources. This measure requires written and photographic archival documentation of the Wharf J-10 facility, which was completed in May 2003 by Architectural Resources Group, through a contract with the Port. This measure will partially mitigate the loss of the historical resource caused by the demolition of the Wharf J-10 facility by providing important historical information, but the loss of Wharf J-10 will nevertheless be a significant and unavoidable impact of the Demolition Project.

IS – 3: Demolition/Construction Activity (Bat Survey) This measure specifies requirements for a survey for the presence in the Wharf J-10 shed of any Townsend's Western Big-eared Bat, a California Species of Special Concern, if demolition is to occur between August 15 and October 15, or between February 1 and March 1, with specified follow-up instructions depending on the survey results. Implementation of this measure will assure that demolition does not occur during a time that any bats are present in the Wharf J-10 shed, thereby avoiding any impact to this species.

IS – 5: Pier Replacement (including pile removal) This measure calls for piles that are in poor condition to be repaired, or demolished and removed. Although the Demolition Project does not involve pile replacement, it will involve cutting affected piles off six inches above the mudline to Remove the hazards they currently pose to public safety and, more particularly, if a major earthquake was to occur at any time.

IS – 14: Construction Activities (avoid conflicts with swim clubs) This measure requires that construction (or demolition) be scheduled to avoid conflict with special activities of the nearby swimming clubs. This measure will avoid water quality impacts to swimmers and other recreational users of the area during construction activities.

IS – 17: Health and Safety Plan This measure requires the preparation and implementation of a site-specific health and safety plan to protect construction (demolition) workers and the general public from potential exposure to hazardous materials that could be released to the environment during the Wharf J-10 Demolition Project. This measure, to be implemented by the demolition contractor hired by the Port, must identify and address all potential health and safety hazards present at the site, and meet federal, state and local environmental and worker safety laws, and is an integrated in the Exxon Mobil Clean Up Order that was issued by the SF RWQCB in March 2006. This measure will ensure that workers and the general public are not exposed to unacceptable levels of hazardous materials that might be contained in Wharf J-10 building materials or may be present in the subsurface area that is disturbed by the construction work.

B. Mitigation Measures Adopted by the Port Commission with Modifications

The discussion below addresses FEIR mitigation measures that the Port Commission adopts, with modifications, and the reasons for those modifications. See Exhibit 1 containing the text for each mitigation measure approved by the Port Commission. Revisions to the text of the below mitigation measures due to the modification is shown, with deletions struck through, and new wording underlined in Exhibit 1.

IS – 1: Demolition/Construction Activity Air Quality Impacts This measure requires contractor (s) to spray active work areas, debris stockpiles and any unpaved ground surfaces with water during demolition, excavation, and construction activities at least twice per day; cover trucks hauling debris , and sweep adjoining streets to minimize particulates and minimize the amount of materials from being tracked outside the work area. This measure also requires that non-potable water be used for dust control activities. This measure is adopted as modified to exclude the use of non-potable water for dust suppression purposes. Many of the businesses in the area handle, process, prepare or sell fresh food, and the Port will therefore be taking extra precautions to avoid the release of dust particulates, including frequent watering of the work site. The Port will use potable water to implement this mitigation measure and to minimize any contamination of foods. Implementation of this measure will avoid air quality impacts that might be caused by demolition and construction activities.

IS – 18: Soil Classification This measure requires excavated soil to be stockpiled on and securely covered with plastic, sampled for waste classification purposes, and legally disposed of. To respond to public comments received by the Port Commission regarding concerns about exposure of nearby businesses and the public to hazardous wastes that may be present in the stockpiled soil, the Port Commission has modified this mitigation measure so that the soil sampling and waste classification analysis is conducted *after* the Wharf J-10 shed is removed from the site, but *prior* to soil excavation. Samples will be analyzed for petroleum hydrocarbons and other hazardous waste constituents. Data

from this sampling will be made available to the public and provided to a qualified independent consultant with expertise in soil and hazardous waste management, risk assessment and industrial hygiene to evaluate the data and confirm that the Port's proposed pollution prevention and health and safety measures are appropriate. Implementation of this measure will assure that excavated soil is appropriately disposed of and will serve as a method for verifying the adequacy of the Port's health and safety plan that will be developed in accordance with Measure IS-17.

C. Mitigation Measures Within the Jurisdiction of Other City Agencies

The Port Commission finds that the mitigation measure adopted or recommended for adoption by another agency, either as they appear in the FEIR is feasible and enforceable through the City's Emergency Response Plan and operating protocols established through the San Francisco Office of Emergency Services (OES), which includes the San Francisco Police Department. Based on the information contained in the FEIR and the administrative record, the Port Commission has found that the mitigation measure in the FEIR will mitigate, reduce, or avoid significant effects and is hereby adopted by the Port Commission and recommended for adoption and implementation by other City agencies, which agencies can and should adopt these measures.

IS – 11: Tsunamis. This measure addresses actions to be taken by the San Francisco Police Department (or other emergency service agency as may be determined by the City's OES) to close off the immediate waterfront area of Aquatic Park, Fisherman's Wharf and Hyde Street Pier to the public in the event that a tsunami is anticipated to occur in San Francisco. This measure will reduce the potential for casualties to occur from a tsunami by keeping people away from areas where injury could occur.

D. Mitigation Measures Rejected and the Reasons for Rejection

The following FEIR mitigation measures are rejected because they do not apply to the Wharf J-10 Demolition Project, which only encompasses the activities described in FEIR Project Description Phases 1 and 2. These measures either pertain to impacts that could occur during new construction, which is encompassed in FEIR Project Description Phases 3 and 4, whether as part of rebuilt facilities by F. Alioto or Cal Shell, or potential future improvements by the Port or other entities, or the measures pertain to impacts associated with operations that might be carried out after new construction occurred. Therefore, all of these measures pertain to impacts that would only occur with the implementation of Phases 3 and 4, neither of which is proposed for approval at this time.

EIR-2: Archaeological Testing and Data Recovery Program (requirements prior to pile driving, or new pile-supported construction)
IS – 2: Pier Replacement (recommended schedule for replacing piles to avoid herring spawning season impacts]
IS – 4: Geotechnical Investigation (required prior to permitting any new construction or new uses that increase loads on existing facility)
IS – 6: Pile Driving Plan (required preparation and review of pile driving plan for impacts on adjacent properties)
IS – 7: Potential Damage from Pile Driving (requires supports to adjacent structures to minimize pile driving hazards)

IS – 8: Pile Driving Notification (requires notification of property owners within 300 feet of a site where pile driving will occur)
IS – 9: Earthquake Hazards (requires tenants and building occupants to implement measures to minimize hazards from non-structural damage during an earthquake)
IS – 10: Hazardous Materials Related to Earthquake Hazards (requirements to minimize earthquake safety risks related to hazardous materials storage and operations of tenant businesses)
IS – 12: Facility Design (requires engineer qualified in earthquake engineering to review and incorporate feasible methods to reduce loss of life-line services in new construction projects)
IS – 13: Facility Inspection (requires regular inspection and pier condition evaluation for new construction projects)
IS – 15: Storm water runoff at F. Alioto site (specifies roofing and gutter details to capture storm water runoff)
IS – 16: Storm water runoff at Cal Shell site (specifies collection and treatment details for storm water runoff)
IM -1: Compliance with Fish Alley Design Criteria (an Improvement Measure requiring Port review of new construction for consistency with the Design Criteria for Seawall Lots 302 and 303 (Fish Alley area) included in the Waterfront Land Use Plan Design & Access Element)

E. Adoption of a Mitigation Monitoring and Reporting Program

The Port Commission hereby adopts a Mitigation Monitoring and Reporting Program (MMRP) as required by Section 21081.6 of the Public Resources Code. The MMRP is attached as Exhibit 2 and incorporated in this document by reference. The purpose of the MMRP is to determine the stage at which each of the adopted mitigation measures must be imposed to ensure that the measure is carried out by the responsible official or entity, or if the obligation lies with a private entity, that the City enforces the obligation.

The Port or selected demolition contractor will implement these mitigation measures.

V: FINDINGS REGARDING ALTERNATIVES IN THE FEIR

The FEIR encompasses a range of alternatives which, beyond the "No Project" Alternative which is required for all EIRs, are focused on preservation of the Wharf J-10 shed structure, or retention of historic elements or features in the design of a new fishing industry building constructed at the site. Each of those alternatives is described in further detail below. Pursuant to CEQA Guidelines, these Findings must consider, and adopt or reject the alternatives analyzed in the FEIR. The Commission has given these alternatives careful consideration and rejects the FEIR alternatives as infeasible for the specific economic, legal, social, technological or other considerations presented below.

A. Reasons for Selecting the Wharf J-10 Demolition Project as described in the FEIR Project, Phases 1 and 2

After consideration of all the information in the FEIR and other studies and reports prepared for Wharf J-10, the Port Commission selects the Wharf J-10 Demolition Project, as described in FEIR Project Description, Phases 1 and 2. The proposed demolition would satisfy the

Port's objective of abating the public hazard posed by the deteriorated Wharf J-10 facility that threatens the general public, Port tenant businesses in the Fish Alley area, and fishing boats and other mariners, swimmers and any recreational water users that use the lagoon adjacent to the Wharf J-10 site. The public safety hazard abatement need is the overarching objective of the Port Commission for the project analyzed in the FEIR. The Demolition Project would also satisfy the Port objective of documenting the cultural significant of the Wharf J-10 building.

The Wharf J-10 Demolition Project is the only feasible option that can be implemented in the foreseeable future. The Port is in a financial position to solicit and award a contract in the immediate future for the demolition of the Wharf J-10 facility in accordance with the scope of work as described for the Demolition Project. Further, the Demolition Project is technically feasible. By contrast, the preservation alternatives, as discussed further below, are not feasible for the Port Commission to implement in the foreseeable future and would, therefore, delay implementation of the most important objective of the project considered in the FEIR, that is, the goal of abating a critical public safety hazard. The other alternatives are all financially infeasible for the Port, and either pose their own potential safety concerns, are of uncertain technical feasibility, or, in the case of Alternative C, do not avoid the impact to historic resources.

Alternatives Rejected and Reasons for Rejection

1. Alternative A: No Project Alternative

The No Project Alternative is rejected as infeasible because it would not accomplish the fundamental objective of the Demolition Project, to abate a critical public safety hazard. It would mean that the Port Commission, and by extension, the City and County of San Francisco, would not take any action to abate the public safety hazards posed by the current condemned and deteriorated Wharf J-10 facility. Public safety and welfare are fundamental responsibilities of both the Port and City, and thus Alternative A is simply not an option, given the threat to public safety and high potential for loss of human lives and widespread property damage on both the land and in the water in the Fish Alley area of Fisherman's Wharf should the Wharf J-10 facility collapse. The Port Commission rejects Alternative A.

2. Alternative B: Historic Rehabilitation of Wharf J-10 with New Substructure

The FEIR identifies three different approaches to carrying out Alternative B. All of these proposals involve implementing some type of engineered structural system to enable the Wharf J-10 shed building to be saved and rehabilitated consistent with the Secretary of the Interior Standards for Historic Rehabilitation, but allow the wharf deck, substructure and piles to be removed and replaced to create a new foundation for the shed. The Wharf J-10 building cannot be preserved without the use of such engineering systems because, in its current state, the Wharf J-10 site is unsafe for construction workers to access the building. Although it is acknowledged that the Wharf J-10 building was condemned several years ago and has not collapsed, the Port's engineers continue to believe that a collapse could occur at any time. While the environmental review process has been underway, the Port has taken all measures

that it can take to temporarily stabilize the site and keep people away from the site so if the Wharf J-10 building does collapse, losses will be minimized. However, the Port continues to believe that given the rotted, deteriorated condition of the substructure and the fact that it is sitting in water and subject to wind and wave action, a collapse is foreseeable if the substructure is not removed.

The Draft EIR initially presented one preservation alternative, Alternative B. This Alternative called for building a steel cage around Wharf J-10 to suspend it while the substructure was rebuilt. Draft EIR comments, including those from the San Francisco Landmarks Board (LPAB), called for the EIR to identify other alternatives that explore various preservation methods and technologies on similar types of buildings as well as a discussion around seeking alternative funding resources to support preservation. At the November 16, 2005 Landmarks Board public hearing on the Draft EIR, the Landmark's Board discussed the concepts of relocating the Wharf J-10 shed building off of the substructure, or temporarily dismantling the building, as methods to preserve the Wharf J-10 building while allowing the deteriorated substructure to be removed. Upon the recommendation of LPAB member, Johanna Street, the Port contacted Kelly Brothers House Movers, a company that specializes in relocating historic structures. Howard Kelly, owner of Kelly Brothers, met with Port engineering staff at Wharf J-10 to assess the options for relocating the building. Because Wharf J-10 overhangs San Francisco Bay and is accessible only from Fish Alley, and because of the long configuration of the building, Mr. Kelly concluded that the only area large enough to accommodate the relocated building is Fish Alley. The Port informed Mr. Kelly that Fish Alley could not be closed for any significant period because it is the only emergency access route into the area and the only access to other tenant businesses. Accordingly, Mr. Kelly identified the only other feasible relocation option available, which involves temporarily dismantling the building and moving the materials off-site to enable the replacement of the substructure.

In addition to consulting with Kelly Brothers, the Port hired Moffatt & Nichol Engineers to produce detailed construction cost estimates of Draft EIR Alternative B, and to make recommendations on any other preservation concepts that were more cost-effective. Moffatt and Nichol identified another preservation concept involving a pile-supported brace constructed at the base of the Wharf J-10 building to support it while the substructure is rebuilt. Moffatt and Nichol Engineers then developed cost estimates for all three preservation alternatives. The resulting analyses of these three concepts were incorporated into the FEIR (pp. 92-93f).

In addition to considering the expanded FEIR alternatives analyses, on September 13, 2006, the Port Commission held a public hearing regarding these historic preservation alternatives. The supporting staff report to the Commission provides additional cost and cash flow analysis, which is incorporated by reference into these findings, and is included in Exhibit 3. The Port received one letter objecting to the amount of time given to the public to review the cost information. It suggests that with more time, the public could develop another, less expensive, preservation alternative. However, in addition to the time the Port and its engineers spent in preparing the Draft EIR and developing a preservation alternative, Alternative B, the Port has spent several additional months consulting with an expert in the field recommended by the Landmarks Board and a separate engineering expert. Together,

these experts have put forth their best suggestions for how one might go about trying to preserve the Wharf J-10 building while replacing the dangerously deteriorated substructure. These three alternatives are summarized below.

EIR Alternative B, Structural Bracing Above Building: This concept would require temporary piles to be driven into the bay floor to support a steel "cage" that would encase, and be attached to, the Wharf J-10 building. This would enable the building to be suspended from the cage, to allow the wharf deck and substructure to be demolished and replaced. The shed structure would have to be penetrated at specific points to attach it to the cage, which would result in some loss of historic fabric. In addition, to construct the new wharf, the roof of the shed would probably have to be removed to enable a pile driver to install the new piles for the substructure and deck. Once the new wharf substructure and deck were constructed, the shed building could be detached from the cage and once more supported by the wharf. New utility connections from Fish Alley would be installed. Repairs to the shed structure, including closing up the holes that were required to secure the building would be carried out consistent with the Fish Alley design guidelines, as reflected in the WLUP.

EIR Alternative B-1, Structural Bracing Beneath the Building: This concept is similar to Alternative B, requiring a temporary pile-supported bracing system to be installed, but which secures the shed building to a support system built close to the building base rather than from the steel overhead cage support system. Like Alternative B, this concept would require penetrations through the building wall and roof to stabilize the building, before rebuilding the wharf/substructure, respectively. Like Alternative B, new utility connections from the street would be included, as well as structural repairs to the shed, consistent with the Fish Alley Design Guidelines.

EIR Alternative B-2, Temporary Dismantling of Existing Building: This concept was developed by Kelly Brothers House Moving Co., and takes a modular approach by temporarily dismantling the Wharf J-10 building in 60 foot long segments, storing this material off-site, and thus allowing free access to demolish and replace the substructure. Alternative B-2 also requires installation of a pile-supported steel stabilization system for the shed structure, mounted at the base of the building, but would be carried out in phases rather than having to create a larger bracing system for the entire building as proposed in Alternatives B and B-1. The bracing for this alternative would be carried out for the first 60 foot long building segment. Once the bracing for the first 60-foot segment was completed, the corresponding 60 foot long portion of the building would be dismantled, the pieces numbered, and stored temporarily off-site. The Segment 1 wharf deck and substructure would then be replaced, creating a strong working surface that would be used to support the dismantling of building Segment 2. The temporary pile-support system would then be shifted eastward to Segment 2, to support the dismantling of the Segment 2 building, which would be temporarily stored on the reconstructed deck created in Segment 1. The Segment 2 substructure would then be reconstructed, followed by reassembly of the Segment 2 shed building. This phased process would continue until the last segment of the substructure and shed building at the east end of the Wharf J-10 site was reconstructed. Thereafter, the

Segment 1 building could be retrieved from its off-site storage and reassembled on the Segment 1 substructure.

The FEIR identifies that while all three of the preservation alternatives would have the goal of preserving the Wharf J-10 structure, it is possible that with any of these approaches, the building could, nevertheless, sustain substantial damage. Construction of temporary bracing and its associated pile-driving could trigger partial or full collapse of the badly deteriorated substructure and associated damage to any part of the shed building that is not secured. In addition, the FEIR identifies that the pile-driving associated with all of these alternatives may adversely affect submerged archeological resources, if present. The FEIR proposed mitigation measures to mitigate this impact but implementation of the mitigation would be complicated by the presence of the existing building, which would not be the case if the pile-driving occurred after the building and substructure were removed as proposed for the proposed project analyzed in the FEIR.

Based on the Moffatt & Nichol study, the construction costs are estimated to be: $16.8 million for Alternative B, $16.1 million for Alternative B-1; and $17.1 million for Alternative B-2. As presented to the Port Commission on September 12, 2006 and detailed further in Exhibit 3, when factoring in debt service requirements, and operating costs and lease revenues from new fishing industry businesses that would occupy the rehabilitated building, these alternatives would be estimated to result in an annual net financial loss for 30 years of $1.2 million for Alternative B; $1.14 million for Alternative B-1; and $1.22 million for Alternative B-2. By comparison, the Demolition Project is estimated to cost $1.5 million. The financial analysis in Exhibit 3 reflects that while the Demolition Project would not produce revenue-generating opportunities for new leasing (hence the "N/A" in the Table 1 columns for revenues and operating cost), it also would not involve the capital improvements and associated debt service expenses (also shown as "N/A" in Table 1 column) that the preservation alternatives would.

Beyond the cost estimate analysis done of the preservation alternatives, the Moffatt & Nichol study includes a structural conditions assessment, which corroborates those of the Port engineering staff, confirming the extreme deterioration of the substructure and resulting risk to the shed structure above. Further, Moffatt & Nichol also concurred with the Port that there are inherent risks in carrying out the preservation alternatives:

"1. The building, or portions of it, are so deteriorated that the superstructure (shed) will not survive the lifting process [in Alternative B without] considerable bracing, and this requirement will need to be determined in part during the work by the Contractor.

2. There may be a substantial safety concern during the preparation work inside the building when placing the lifting frame (in Alternative B].

3. The substructure may simply collapse during the pile driving in areas of Wharf J-10 not yet replaced, and thus result in further damage or possible demolition of associated portion of the superstructure."

In addition to the inherent risks of carrying out any of the preservation alternatives, the Port does not have the resources to support these annual costs and, based on lease rate discussions with fish processor and other fishing industry tenants at other Port facilities, it is unlikely that such businesses have the resources to carry these costs. There are no other known funding sources for such improvements. The Port itself is facing a $1.2 billion need over the next 10 years to make basic repairs to piers and other property throughout the Port. The Port's 10-Year Capital Plan was approved by the City in April 2006, and has been able to identify only $415 million from current or foreseeable funding sources to meet the identified $1.2 billion need: Port tenant lease revenues, Port's operating budget, Port revenue bonds, development project revenues, and Infrastructure Financing District bonds. The estimated $1.5 million needed for the Wharf J-10 Demolition Project is included in the funded portion of the Capital Plan.

Of the remaining $810 million in unfunded projects, the Port Capital Plan indicates that up to an additional 70% of that need could be generated through other potential funding options, but such assumptions remain speculative at this time. The costs associated with the Wharf J-10 historic preservation alternatives are not included in the 10-Year Capital Plan. To fund any of these alternatives would require placing a Wharf J-10 preservation before other competing and critical maritime projects and historic preservation commitments. For example, among funded projects, the 10-Year Capital Plan recommends $85.9 million in revenue bond proceeds to fund substructure and shed repairs for Piers 9 and 19, which are located in the Embarcadero National Register Historic District; and Pier 50 and Pier 80, which improvements would support the Port Maintenance Department and cargo terminal, respectively. Another $17.5 million is targeted in Infrastructure Financing District tax revenues for basic repairs to infrastructure and key historic resources at Pier 70, which has been determined to be potentially eligible as a National Register historic district, and which currently is under study to develop a Pier 70 Master Plan. Among the unfunded project demands are other critical facilities such as the Pier 35 cruise terminal, another contributing resource in the Embarcadero Historic District, which is estimated to require $37.6 million in repairs and maintenance.

Some members of the public have expressed a sense that the cost estimates for the preservation alternatives are too high. However, the Commission notes that those estimates are consistent with separate cost estimates presented in a report prepared for the Port, Fishery Wharf J-10 Facility Emergency Engineering Study in 2001. The consultant team for that effort was led by Structus Inc. Structural Engineers and included Architectural Resources Group, which evaluated and advised on treatments for the Wharf J-10 historic resource; Kahn & Associates, which advised on the requirements for modern fish processing facility improvements, and Don Todd and Associates cost consultants. The report evaluates several different options, including "Replace the substructure and retrofit the existing building," which in 2001 was estimated to cost approximately $12 million, and possibly a three year construction period. Furthermore, that consultant team concluded that while the historic architectural resource would be preserved, the building itself would not meet modern health guidelines under the U.S. Food and Drug Administration for seafood processing requirements without significant additional improvements to the building interior. Because the building supported by Wharf J-10 is a wooden, porous structure, it does not meet the types of wash

down and waterproofing requirements required to ensure the facility is maintained to meet current health, hygiene and clean operations standards. Furthermore, any interior wall treatments would have to be sturdy (e.g. masonry or concrete-based), to withstand impacts from heavy equipment such as forklifts without damaging the wall structure. In considering all of the information provided through the Wharf J-10 EIR process and other Wharf J-10 studies and analysis prepared by or for the Port, the Commission believes that the various cost estimates that have been prepared specifically for the Wharf J-10 facility are valid and provide firm foundation for these findings.

As indicated above, the Port Commission faces many competing historic preservation, maritime and other Port priorities as reflected in the Port's Capital Plan and approved by the City. The Port has limited financial resources to meet these needs and has identified many, as yet unfunded, Port needs. The cost of any of the preservation alternatives compared to the Demolition Project is substantial and the Port has no identified financial resources available to implement any of these alternatives. Further, there is a real risk that given the highly deteriorated condition of the substructure, implementation of any of the preservation alternatives, all of which involve driving piles around the collapsing substructure, could itself trigger the collapse of the Wharf J-10 facility. Even if the Port could identify additional financial resources to implement one of the preservation alternatives, it would face serious delay in undertaking further analysis of ways to try to reduce the risk of building collapse in implementing any of these alternatives. Such a process would further risk collapse of the Wharf J-10 building while the Port continued to study how to try to preserve it. Additionally, installation of the bracing system, in the case of Alternatives B and B-1, and the dismantling process, in the case of Alternative B-2, could damage historic resources. No registered engineers have been able to develop and agree to warrant the integrity of any plan substantially different from the alternatives considered that would temporarily stabilize the facility so that construction workers could safely access and replace the substructure, which is necessary for the historic Wharf J-10 shed to be preserved. For all of the above reasons, the Port Commission rejects Alternatives B, B-1 and B-2 as infeasible.

3. Alternative C: Reconstruction of Wharf J-10 with Salvaged Elements

This alternative would entail demolition of Wharf J-10 and construction of a new single-story fish processing building, on a portion of the site, by the F. Alioto Fish Company using remnants of historic building materials salvaged from the existing building. The design would be of a scale and architectural design that would be consistent, insofar as is possible, with the Fish Alley Design criteria of the WLUP Design & Access Element. This alternative, while addressing some design improvements for the F. Alioto leasehold, would not mitigate the loss of the Wharf J-10 historic resource or the significant CEQA impact that results. For this reason the Port Commission rejects Alternative C. Further, the redevelopment plans for the F. Alioto leasehold do not reside with the Port Commission, because the tenant still has almost 30 years remaining in their lease. Although the Port Commission has the ability to establish policies for the design of any new structure the tenant may decide to construct, the decision whether to rebuild on the site resides with the tenant. The Port Commission rejects Alternative C for the additional reason that implementation of this alternative is not entirely within the Port Commission's authority.

VI: SIGNIFICANT ADVERSE ENVIRONMENTAL IMPACTS

The Demolition Project includes aspects and features that reduce or eliminate environmental impacts that could otherwise be significant. The mitigation measures identified in the FEIR and adopted for the Demolition Project will further reduce significant environmental impacts. Nonetheless, the Wharf J-10 Demolition Project would result in a significant environmental effect through the permanent loss of the Wharf J-10 historic architectural resource and the significant effect this loss would have on the potential California Register of Historical Resources–eligible district to which Wharf J-10 is a contributor. These significant effects can be eliminated only through the selection of one of the historic preservation alternatives. Mitigation measures included in the project, which include recordation of the historic architectural resource prior to its demolition, would reduce impacts to historic architectural resources, but not to a less-than-significant level. As such, demolition of the historical resource would result in significant unavoidable impacts.

The significant, unavoidable impacts listed in the FEIR and identified above as applicable to the Demolition Project assume implementation by the Port and other City agencies of the mitigation measures recommended for adoption as set forth above, to reduce potentially significant impacts. The Port Commission has made a determination that these measures can and should be implemented and in so determining, has found that the measures are feasible and implementable by the Port Commission or through the contractor hired by the Port to carry out the Wharf J-10 demolition work.

For the reasons stated above, the Port Commission finds that the Wharf J-10 Demolition Project incorporates all feasible mitigation measures and has eliminated or substantially lessened all significant effects on the environment where feasible. The remaining effects listed above are found by the Port Commission to be acceptable due to the overriding considerations set forth below.

VII: STATEMENT OF OVERRIDING CONSIDERATIONS

The Port Commission finds that the following social, economic, technological and other benefits warrant approval of the Wharf J-12 Demolition Project, notwithstanding any remaining unavoidable significant effects. The Commission finds that each of the overriding considerations set forth below constitutes a separate and independent basis for finding that benefits of the Wharf J-10 Demolition Project outweigh the unavoidable adverse environmental effects, and is an overriding consideration that warrants approval of the Wharf J-10 Demolition Project. In addition, the Port Commission finds that the Alternatives and Mitigation Measures applicable to the Wharf J-10 Demolition Project that are partially or totally rejected are rejected for the following economic, social or other considerations, in and of themselves, in addition to the specific reasons discussed above. These matters are supported by evidence in the record that includes, but is not limited to, the documents referenced in Article II.

1. The Demolition Project can be implemented quickly. As the only project alternative that is immediately feasible from a financial, technical and safety perspective, it is the only alternative that can be implemented in the short-term. Quick implementation will avoid a sudden collapse of the Wharf J-10 structure.

2. The Demolition Project, by avoiding a collapse of the Wharf J-10 structure will not only abate an urgent and imminent threat to public safety, it will also avoid impacts to human health, biological and water quality resources, commercial businesses and property, mariners and recreational water users, and public enjoyment of Fisherman's Wharf, the City's biggest tourist destination, all of which will be negatively impacted should the Wharf J-10 facility collapse. The Port has employed its own registered engineers, and hired outside registered engineers on three different occasions and consulted with several more, all of whom have confirmed the extraordinary extent of deterioration of the facility. At any time, Wharf J-10 could collapse without warning, killing or injuring people in the vicinity, or passing mariners, swimmers, recreational water users in the Bay waters below. Implementation of the Demolition Project will avoid these impacts.

3. The Demolition Project will eliminate a nuisance condition caused by the condemnation of the Wharf J-10 facility. Wharf J-10 has become an attractive nuisance to homeless and other individuals who have on occasion managed to get into the building despite eight foot high solid plywood walls that block the building off from Fish Alley, and 24 hour security guards hired to monitor the area.

4. The Demolition Project would avoid worsening the Port's already difficult financial challenges. Certain members of the community have argued for the historic preservation of Wharf J-10. Notwithstanding a worthy commitment to historic preservation, the Port faces significant financial challenges, as indicated by the funding needs contained in the Port's 10-Year Capital Plan. Given the significant amount of the cost estimates associated with the historic preservation alternatives analyzed in the FEIR as compared to Port financial resources described in Article V, Section 2 above, it is clear that any process to identify and secure the funding necessary to implement any of the preservation alternatives would almost certainly delay a response to the public safety hazard and potentially delay implementation of other Port projects, many of which involve historic preservation.

In light of the above, the Wharf J-10 Demolition Project is the only feasible response to resolve the public safety dangers that now exist at the site. The benefits of the Demolition Project override the impact to historic resources that would occur with project implementation. The removal of Wharf J-10 will enable the Port and community to move past this chapter of debate and focus our efforts on how to improve the Fish Alley area for the fishing industry.

Planning/fisherman's wharf/Wharf J-10/J-10 CEQA findings [FINAL]

EXHIBIT 1

WHARF J-10 DEMOLITION -REQUIRED MITIGATION MEASURES

CULTURAL RESOURCES

HISTORIC ARCHITECTURAL RESOURCES

Mitigation Measure EIR-1 – Documentation of Historical Resources

Detailed recordation of the Wharf J-10 building and substructure prior to demolition would partially mitigate the loss of the historical resource. In May 2003, the Port retained ARG to prepare archival-quality photographs and documentation of Wharf J-10. ARG's report includes:

- Architectural Recordation Form; and
- Fourteen black-and-white (exterior) archival-quality photographs; and
- Original 1919 building plans.

Recordation provides important historical information that minimizes, but does not fully mitigate, the loss of historical resources and features. The documentation of the building would be considered for both reconstruction and archival purposes. Implementation of this mitigation measure would reduce the impact to historical resources, but not to a less-than-significant level. The loss of the Wharf J-10 would be a significant and unavoidable impact.. Significant impacts to historical resources could only be reduced to a less-than-significant level by selection of Alternative A (see Chapter VI, Alternatives).

CONSTRUCTION AIR QUALITY

Mitigation Measure IS-1 – Demolition/Construction Activity Air Quality Impacts

The project sponsor shall require contractor(s) to spray the sites with water during demolition, excavation, and construction activities; spray unpaved construction areas with water at least twice per day; cover stockpiles of soil, sand, and other material; cover trucks hauling debris, soils, sand, or other such material; and sweep surrounding streets during demolition, excavation, and construction at least once per day to reduce particulate emissions.

~~Ordinance 175-91, passed by the Board of Supervisors on May 6, 1991, requires that non-potable water be used for dust control activities. Therefore, the project sponsor shall require that the contractor(s) obtain reclaimed water from the Clean Water Program for this purpose. The project sponsor shall require the project contractor(s) to maintain and operate construction equipment so as to minimize exhaust emissions of particulates and other pollutants, by such means as a prohibition on idling motors when equipment is not in use or when trucks are waiting in queues, and implementation of specific maintenance programs to reduce emissions for equipment that would be in frequent use for much of the construction period.~~

BIOLOGY

Mitigation Measure IS-3 – Demolition/Construction Activity

Prior to demolition or renovation of any abandoned building between August 15 and October 15, or between February 1 and May 1, a survey(s) shall be conducted during the same period by a qualified bat biologist.

If Townsend's western big-eared bat, a California Species of Special Concern, is found during an August – October survey, appropriate exclusion devices approved by California Department of Fish and Game (CDFG) and the United States Fish and Wildlife Survey (USFWS) shall be installed by a qualified bat biologist. Once the bats have been excluded, demolition may occur. If Townsend's western big-eared bats are found during a February – May survey, demolition shall not take place until the end of the nursing season in August. Exclusion devices shall be placed by a qualified bat biologist in accordance with CDFG and USFWS. (1997 WLUP FEIR Measure H-2). If no Townsend's western big-eared bats are found during the survey(s), no additional mitigation is required.

GEOLOGY

Mitigation Measure IS-5 – Pier Replacement

Piles that are in poor condition shall be repaired or demolished and removed. If repaired, piles that are deteriorated shall be replaced or the portion that is rotted or deteriorated shall be cut off and replaced with a concrete-filled steel sleeve. A structural engineer shall be consulted regarding the repair of the piers. (1997 WLUP FEIR Measure I-10b)

Mitigation Measure IS-11 – Tsunamis

At the time of anticipated tsunami incursion, the San Francisco Police Department shall close off the immediate waterfront area of Aquatic Park, Fisherman's Wharf and the Hyde Street Pier to the public; all marina operators should close off access to the docks for the public and boat owners; and ferry boat operators should prevent people from standing on water-level ferry loading docks everywhere in the Project Area.

This mitigation measure would help to reduce the potential for casualties to occur from tsunami by keeping people away from areas where injury could occur. Damage to facilities would not be mitigated. (1997 WLUP FEIR Measure I-11a)

WATER QUALITY

Mitigation Measure IS-14 – Construction Activities

The Port would ensure that construction activities are scheduled to avoid conflict with special activities of the nearby swimming clubs.

HAZARDOUS MATERIALS

Mitigation Measure IS-17 – Health and Safety Plan

Potential hazards to construction workers and the general public during demolition and construction shall be mitigated by the preparation and implementation of a site-specific health and safety plan. The health and safety plan shall meet the requirements of federal, state and local environmental and worker safety laws. Specific information to be provided in the plan includes identification of contaminants, potential hazards, material handling procedures, dust suppression methods, personal protection clothing and devices, controlled access to the site, health and safety training requirements, monitoring equipment to be used during construction to verify health and safety of the workers and the public, measures to protect public health and safety, and emergency response procedures.

Mitigation Measure IS-18 – Soil Classification

During demolition of Wharf J-10, after the contractor has removed the Wharf J-10 shed superstructure, contractor will conduct soil sampling and waste classification analysis prior to excavating soil from the site. The soil samples will be analyzed for petroleum hydrocarbons and other hazardous waste constituents. The data will be made available to the public and provided to a qualified independent consultant with expertise in soil and hazardous waste management, risk assessment and industrial hygiene to evaluate the data and confirm that the Port's proposed pollution prevention and health and safety measures are appropriate. Excavated soil shall be stockpiled on and securely covered by plastic sheeting, or stored in sealed containers, ~~sampled for waste classification purposes,~~ and legally disposed of. In the event that the soil were characterized as a hazardous waste according to State or Federal criteria, the soil shall be disposed of at a Class I disposal facility. Soil classified as a non-hazardous waste could be disposed of at a Class II or III disposal facility in accordance with applicable waste disposal regulations.

EXHIBIT 2
PORT OF SAN FRANCISCO – WHARF J-10 DEMOLITION PROJECT
MITIGATION MEASURE MONITORING PROGRAM

Exhibit to Wharf J-10 Demolition Project CEQA Findings, adopted by Port Commission Resolution 06-66, September 26 , 2006

Mitigation Measure	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/Reporting Responsibility	Status/Date Completed
Historic Cultural Resources					
EIR-1 – Documentation of Historical Resources Detailed recordation of the Wharf J-10 building and substructure prior to demolition. In May 2003, the Port retained ARG to prepare archival-quality photographs and documentation of Wharf J-10. ARG's report includes: Architectural Recordation Form; Fourteen black-and-white (exterior) archival-quality photographs; Original 1919 building plans	Port	Hire consultant, prepare written and photographic archival documentation of Wharf J-10 facility	Completed in 2003	None required, since it was completed	Completed
C. Air Quality					
IS-1 – Demolition/Construction Activity Air Quality Impacts The project sponsor shall require contractor(s) to spray the sites with water during demolition, excavation, and construction activities; spray unpaved construction areas with water at least twice per day; cover stockpiles of soil, sand, and other material; cover trucks hauling debris, soils, sand, or other such material; and sweep surrounding streets during demolition, excavation, and construction at least once per day to reduce particulate emissions.	Demolition Contractor	Develop and implement dust control measures, including watering active work areas (where demolition, loading/unloading, or excavation are occurring) as-needed to minimize dust and other measures specified by IS-1 during the actual demolition activity; Maintain covers on any stockpiled soil or demo debris; Sweep surrounding streets at least twice daily or more frequently as-needed to prevent dust or debris from being tracked out of the work area.	From commencement of demolition activity through removal of all debris from Wharf J-10/Fisherman's Wharf area	Port Resident Engineer	

Mitigation Measure	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/Reporting Responsibility	Status/Date Completed
Biological Resources					
IS-3 – Demolition/Construction Activity Prior to demolition or renovation of any abandoned building between August 15 and October 15, or between February 1 and May 1, a survey(s) shall be conducted during the same period by a qualified bat biologist. If Townsend's western big-eared bat is found during an August – October survey, appropriate exclusion devices approved by California Department of Fish and Game (CDFG) and the United States Fish and Wildlife Survey (USFWS) shall be installed by a qualified bat biologist. Once the bats have been excluded, demolition may occur. If Townsend's western big-eared bats are found during a February – May survey, demolition shall not take place until the end of the nursing season in August. If no Townsend's western big-eared bats are found during the survey(s), no additional mitigation is required.	Port	Hire bat biologist to conduct survey if demolition occurs during specified periods	Survey taken in February or August, if demolition is anticipated during the specific period.	Port Environmental Regulatory Manager. [ok – we should be able to do quickly through env. as-needed]	
Geology, Soils and Seismicity					
IS-5 – Pier Replacement Piles that are in poor condition shall be repaired or demolished and removed. If repaired, piles that are deteriorated shall be replaced or the portion that is rotted or deteriorated shall be cut off and replaced with a concrete-filled steel sleeve. A structural engineer shall be consulted regarding the repair of the piers. (1997 WLUP FEIR Measure I-10b)	Demolition Contractor	Removal of all piles, except for 34 "marker" piles along the toe of the rip rap bank, to keep mariners from washing onto the bank. All wooden piles will be cut 6" above mudline. __#___temporary steel piles will be pulled out. There will be no pile driving or replacement.			
IS-11 – Tsunamis At the time of anticipated tsunami incursion, the San Francisco Police Department shall close off the immediate waterfront area of Aquatic Park, Fisherman's Wharf and the Hyde Street Pier to the public; all marina operators should close off access to the docks for the public	San Francisco Police or Designated Emergency Personnel	Install barriers to keep public at safe distance from flood hazard areas as specified sites.	Institute response plan if there is any tsunami alert issued by authorized agencies.	Port Resident Engineer	

Mitigation Measure	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/Reporting Responsibility	Status/Date Completed
and boat owners; and ferry boat operators should prevent people from standing on water-level ferry loading docks everywhere in the Project Area. This mitigation measure would help to reduce the potential for casualties to occur from tsunami by keeping people away from areas where injury could occur. Damage to facilities would not be mitigated. (1997 WLUP FEIR Measure I-11a)					
Hydrology and Water Quality					
IS-14 – Construction Activities The Port would ensure that construction activities are scheduled to avoid conflict with special activities of the nearby swimming clubs.	Port & Demolition Contractor	Contact Dolphin and South End Rowing Clubs to obtain dates of any special events, and/or coordinate demolition schedule and have clubs notify members of any swimming restrictions. Demolition contractor & Port to coordinate on this detail	Contact swim clubs at least one month prior to demolition start date	Port and Demolition Contractor to confirm with swim clubs the demolition schedule, days when swimming should be prohibited.	
E. Hazards					
IS-17 – Health and Safety Plan Potential hazards to construction workers and the general public during demolition and construction shall be mitigated by the preparation and implementation of a site-specific health and safety plan. The health and safety plan shall meet the requirements of federal, state and local environmental and worker safety laws. Specific information to be provided in the plan includes identification of contaminants, potential hazards, material handling procedures, dust suppression methods, personal protection clothing and devices, controlled access to the site, health and safety training requirements, monitoring equipment to be used during construction to verify health and safety of the workers and the public, measures to protect public health and safety, and emergency response procedures.	Demolition Contractor	Demolition Contractor is responsible for producing health and safety plan that meets the criteria specified by the Contract Specifications (Section 00814) and is accepted by the Port.	Within 30 days of Notice to Proceed.	Port Resident Engineer	

Mitigation Measure	Implementation Responsibility	Action Required	Mitigation Schedule	Monitoring/Reporting Responsibility	Status/Date Completed
IS-18 – Soil Classification During demolition of Wharf J-10, after the contractor has removed the Wharf J-10 shed superstructure, contractor will conduct soil sampling and waste classification analysis prior to excavating soil from the site. The soil samples will be analyzed for petroleum hydrocarbons and other hazardous waste constituents. The data will be made available to the public and provided to a qualified independent consultant with expertise in soil and hazardous waste management, risk assessment and industrial hygiene to evaluate the data and confirm that the Port's proposed pollution prevention and health and safety measures are appropriate., Excavated soil shall be stockpiled on and securely covered by plastic or stored in sealed containers, and legally disposed of. In the event that the soil were characterized as a hazardous waste according to State or Federal criteria, the soil shall be disposed of at a Class I disposal facility. Soil classified as a non-hazardous waste could be disposed of at a Class II or III disposal facility in accordance with applicable waste disposal regulations	Demolition Contractor	Contractor will sample and analyze soil for potentially hazardous constituents. Contractor will allow up to 20 working days for laboratory analysis and submittal to Port, and up to 15 working days for Port review. Port will hire independent consultant to review soil sample analysis. Consistent with the analysis results, Contractor will arrange for proper disposal at an approved disposal facility	Soil will be tested prior to excavation in accordance with Contractor's Hazardous Materials Management Plan, and disposed within 15 working days after excavation.	Port Resident Engineer	
Planning/fisherman's wharf/wharf j-10/ 9-7-06 j-10 feir mitigation monitoring report					

PORT OF SAN FRANCISCO

MEMORANDUM

September 20, 2006

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Wilfred Hsu

FROM: Monique Moyer
Executive Director M Moyer

SUBJECT: Authorize Staff to Advertise for and Accept Competitive Bids for the Wharf J-10 and Fishery Building Demolition Project, Contract No. 2708

DIRECTOR'S RECOMMENDATION: AUTHORIZE STAFF TO ADVERTISE FOR AND ACCEPT COMPETITIVE BIDS FOR THE WHARF J-10 AND FISHERY BUILDING DEMOLITION PROJECT, CONTRACT NO. 2708

INTRODUCTION

Port staff requests Port Commission authorization to advertise for competitive bids for the Wharf J-10 and Fishery Building Demolition project, Contract No. 2708. This project involves demolition of the Fishery Building and its supporting wharf, Wharf J-10. The work scope also includes installing rip-rap to protect the shoreline.

BACKGROUND

In August 2000, the Port issued an emergency order to vacate the Fishery Building at Wharf J-10 in Fisherman's Wharf after discovering extensive structural deterioration that rendered the facility uninhabitable. Following further independent engineering analysis, the Port concluded that the facility must be demolished to abate the hazards on-site, as well as the public safety hazards in Fish Alley and vicinity. Given the emergency status of the situation the Port sought and received an Emergency Exclusion from the California Environmental Quality Act (CEQA) which was overturned by the San Francisco Board of Supervisors, thereby requiring the Port to prepare an Environmental Impact Report (EIR). The Final EIR was certified by City Planning on June 22, 2006, and on August 15, 2006, the Board of Supervisors upheld the certification. The project contract documents have addressed the mitigation measures noted in the EIR.

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As mentioned in the August 8, 2006 Informational Item for this project, Port staff have been presenting this project to the community through group and individual meetings. Port staff presented this project to Fisherman's Wharf Waterfront Advisory Group (FWWAG) on August 15, 2006. FWWAG's main concern was that soil testing must occur before soil excavation commences. This requirement has been added to the contract documents. Staff have also recently conducted individual interviews with five Port tenants whose tenancies are adjacent to or nearby the project: SFO Forecast, Arthur Hoppe, California Shellfish, GP Resources, SP Tarantino Insurance Brokerage, and Coast Marine, and have addressed their concerns accordingly in the contract documents. The remaining tenant interviews, Capurro and F. Alioto, are scheduled for later this week.

After the contract is awarded the Contractor will develop detailed work plans and the Port will review and approve these submittals. These submittals will also be presented to the Fisherman's Wharf community to inform them of the detailed construction methods and schedule, and to solicit comments.

FUNDING

The engineering cost estimate, including a standard contingency, for this project is $1.45 million. The project will be funded by two Port Capital Projects, CPO 741 Pier Repair Project and CPO 730 Fisherman's Wharf J-10.

Funding Source	**Capital Project**	**Funding**
Fisherman's Wharf J-10	CPO 730	$697,000
Pier Repair	CPO741	$753,000
Total		**$1,450,000**

SCHEDULE

Commission Authorization to Advertise:	09/26/08
Bid Advertising:	09/29/06
Bid Opening:	10/27/06
Commission Authorization to Award:	11/14/06
Notice to Proceed:	12/01/06
Contractor Submittal/Approvals:	12/01/06 - 01/15/07
Demolition:	01/16/07 - 03/15/07
Rip-Rap Installation Complete, i.e. Substantial Completion:	05/15/07
Final Completion:	06/15/07

Prepared By: Joe Roger, Project Engineer
For: Edward Byrne, Chief Harbor Engineer

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 06-67

WHEREAS, Since 2000, the structures known as the Fishery Building and Wharf J-10 in Fisherman's Wharf have been in a state of extensive structural deterioration that has rendered the facility dangerous and uninhabitable; and

WHEREAS, The Port Commission has determined that Wharf J-10 and the Fishery Building must be demolished to abate a public safety hazard; and

WHEREAS, Port staff wish to seek competitive bids for a contract to demolish these facilities, which contract shall be known as the Wharf J-10 and Fishery Demolition project, Contract No. 2708; and

WHEREAS, Port staff have conducted outreach to tenants adjacent to the project and addressed their concerns accordingly; and

WHEREAS, Port engineering staff are nearing completion of the required design drawings for the project documents; and

WHEREAS, The engineering estimates for the construction project costs total $1,450,000; and

WHEREAS, Project funds are advanced by Port capital budget monies, with current available funding at $1,450,000; and

WHEREAS, Port staff have obtained the requisite regulatory permits including the certified Environmental Impact Report and the contract documents address the required EIR mitigation measures; and

WHEREAS, In the solicitation of bids for this project, Port staff will follow all San Francisco Human Rights Commission (HRC) requirements for subcontracting goals for disadvantaged businesses; now, therefore be it

RESOLVED, That the San Francisco Port Commission hereby authorizes Port staff to advertise for and accept competitive bids for the Wharf J-10 and Fishery Building Demolition project, Contract No. 2708.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of September 26, 2006.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

September 20, 2006

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Wilfred Hsu

FROM: Monique Moyer
Executive Director

SUBJECT: Quarterly Project Update for the Illinois Street Intermodal Bridge Project.

DIRECTOR'S RECOMMENDATION: INFORMATIONAL PRESENTATION ONLY – NO ACTION REQUIRED

BACKGROUND
Due to the source and timing of funding, the Illinois Street Bridge Project construction will be completed with two separate contracts. The design and construction of the bridge and north approach will be completed under Contract No. 2680. A separate Contract No. 2709 will be bid for construction of the south approach. This is necessary because the federal funding source (Safe, Accountable, Flexible and Efficient Equity Act (SAFETEA)) requires that the design and construction be undertaken separately. The schedule for completing the entire project is currently driven by Contract 2709 due to the delayed advertisement. Staff anticipates completing the project in the summer of 2007.

The status of each contract is described below.

ILLINOIS STREET BRIDGE CONTRACT NO. 2680

Scope:
Design / build contract for the design of the bridge and approaches, and construction of the bridge, freight track to Pier 80, and the north approach. The south approach is not included.

Design Builder:
Shimmick Construction Company Inc.

Construction Progress – 90% complete:
- Structural steel is complete.
- Hydraulic cylinders have been installed.

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- Bridge barrier rail sections are nearly complete.
- The control room structure is complete. Hydraulic machinery has been installed. Electrical and control system hardware has been roughed into the building.
- Rail track has been tied into existing track at the Northern side of Illinois Street and at the Eastern side of Pier 80.
- Illinois Street and Marin Street Intersection, spur to Pier 80 and south bridge deck has been paved and sidewalk is almost complete.

Issues:

- Installation and connection of the PG&E power feed will be delayed until at least October, 2006.
- During excavation for the railroad spur to Pier 80, the contractor uncovered utilities, some of which were different from those shown on Port utility drawings. These utilities included gas lines, water lines, phone cables and electrical cables. The differing utilities caused project delays to establish identification, ownership, relocation responsibility, re-routing plans and involved negotiations with the Contractor to incorporate new scope into the work.
- South approach control and power system work (Contract No. 2709) has not been accomplished due to the South approach funding delay and will prevent the bridge control and power system from fully functioning.

Construction Forecast:

- Remaining work consists primarily of completion, testing and adjusting of hydraulic, electrical, and control systems.
- Substantial completion planned for September, 2006 will be extended to November, 2006 to account for delays due to unforeseen and differing site utility conditions as described above. This proposed schedule change is subject to approval of Item 6C by the Port Commission.

Construction Cost Summary:

Table 1
Cost Summary for Contract No. 2680

Original Contract Amount	$13,210,000
Change Orders	$5,155,418
Total Contract Amount to Date	$18,365,418
Total funding authorized by Commission	$18,573,500
Remaining Construction Contingency	$208,082

Since award of Phase II (construction), the following Change Orders (CO) have been executed to Contract 2680:

- CO#1 $775,000 and 0 Calendar Days (CDs) for Alternates 3, 4 and 5 (Commission Resolution 04-46)

- CO#2 $15,152 and 8 business days = 12 CDs to evaluate increasing opening and closing speed of the bridge
- CO#3 $40,000 and 21 CDs for design changes due to the Bay Conservation and Development Commission (BCDC) permit requirements
- CO#4 $23,907 and 14 CDs to evaluate Coast Guard issues concerning raising the bridge clearance
- CO#5 $2,900,000 and 189 CDs for Alternate 2 and resolution of all current additional work, delay, and cost claims (Commission Resolution 05-42).
- CO#6 $880,018 and 0 CDs for design changes to the south approach and BCDC handrail requirement
- CO#7 $210,509 and 0 CDs for provision of south approach bid documents
- CO#8 $310,832 and 49 CDs for material caused delay and for purchase of long lead items for the south approach (Commission Resolution 06-52)

Construction Photos attached hereto:

1. Driving Railroad Spikes
2. Hydraulic Machinery Inside Control Room
3. Control Room
4. Overall View of Bridge
5. View of Bridge from Top of Control Room Looking South to Amador Street
6. View of Bridge from Top of Control Room Looking West to Third Street
7. View of Bridge from Top of Control Room Looking North to Marin Street
8. View of Paving and Planter in front of Spencer Building
9. View of Paved Area at North End of Illinois Street

ILLINOIS STREET BRIDGE – SOUTH APPROACH - CONTRACT NO. 2709

Scope:
Construction of the South Approach.

Design:
Complete

Contractor:
To be determined through the competitive bidding process, with contract award anticipated at the October 24, 2006 Port Commission meeting.

Project Issues:
Port staff intended to issue a request for bid for Contract No. 2709 in March, 2006. Since the funding for this contract is through a federal funding source (Safe, Accountable, Flexible and Efficient Equity Act (SAFETEA)), approval from Caltrans as the state distributor of such funds was first required. There was a long and unanticipated delay in obtaining Caltrans' approval caused by various issues including (1) Caltrans' review of the environmental assessment report and (2) a significant change in Caltrans' DBE program. As a result, the Port's bid advertisement for this project, originally planned for March, 2006 was delayed to September, 2006. Port staff received notice from Caltrans of a Categorical Exemption for Environmental Clearance in April, 2006. Advertisement was held at that time in order to incorporate new Caltrans HRC / DBE

requirements effective May 1, 2006. Subsequently, the changed DBE program required Port staff to revise the bid documents to conform to new DBE requirements. These revised bid documents were submitted to Caltrans in June, 2006 and were finally approved for advertising in September, 2006. Port Staff have advertised the project, and anticipate contract award at the October 24, 2006 Port Commission meeting and expect completing the project in the spring of 2007.

Project Status:
The project is currently out for bid and the pre-bid meeting was held on September 15, 2006. Seven bidders attended the meeting. Bids are due on September 29, 2006. Staff anticipates contract award at the October 24, 2006 Port Commission meeting.

Project Funding:
The Engineer's Estimate for the South Approach, including a 10% contingency, is $3,300,000. This project is funded by several sources as noted in Table 2 below:

Table 2
Funding for the South Approach

Funding Source	Funds
Safe, Accountable, Flexible and Efficient Equity Act (SAFETEA)	$3,200,000
Association of Bay Area Governments Bay Trail Grant	$250,000
Congestion Mitigation Air Quality (CMAQ)	$750,000
Total	$4,200,000

Prepared By: Kim von Blohn, Project Manager
For: Ed Byrne, Chief Harbor Engineer

PORT OF SAN FRANCISCO

MEMORANDUM

September 20, 2006

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Wilfred Hsu

FROM: Monique Moyer
Executive Director

SUBJECT: Authorize Staff to Execute a Contract Modification to the Illinois Street Intermodal Bridge Contract No. 2680 with Shimmick Construction Company, Inc. to Extend the Contract Substantial Completion Date

DIRECTOR'S RECOMMENDATION: ADOPT THE RESOLUTION

Introduction

Port staff requests Port Commission authorization to execute a contract modification to the Illinois Street Intermodal Bridge Contract No. 2680 with Shimmick Construction Company to extend the substantial completion date by 60 calendar days from September 15, 2006 to November 14, 2006 in order to mitigate unavoidable delays caused by field conditions of utilities found during construction of the north approach track work that were different from those shown in Port's utility drawings.

Port Commission authorization for this proposed contract modification is required because the extension of time will extend the schedule for substantial completion beyond the date of September 15, 2006, as previously authorized by Port Commission Resolution No. 06-52 which was adopted on June 13, 2006.

This proposed contract modification does not extend the final completion date of December 31, 2006, which was established by the same resolution.

Background

Due to funding requirements, the Illinois Street Bridge Project construction will be completed with two separate contracts. The design and construction of the bridge is proceeding under Contract No. 2680, and will be complete this year. The construction of the south approach will be separately bid under Contract No. 2709. The construction schedule for the south approach

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will establish when the bridge can be used. Staff anticipate that the south approach will be completed in the spring of 2007.

During excavation for the railroad spur to Pier 80, the contractor uncovered utilities, some of which were different from those shown on the Port's utility drawings. These utilities included gas lines, water lines, phone cables and electrical cables. The differing utilities caused project delays to establish identification, ownership, relocation responsibility, re-routing plans and involved negotiations with the Contractor to incorporate an augmented scope into the work.

Funding

The current authorized funding and contract amount for Contract No. 2680 are summarized below.

Contract No. 2680 Authorized Funding

Item		Amount ($)
Total funds for Contract No. 2680 Authorized by Port Commission		$18,573,500
Total Contract Amount to date including change orders		$18,365,418
Available Construction Contingency		**$208,082**

Port staff is negotiating the cost with the contractor and expects the available funding contingency is sufficient to absorb the additional cost of this contract modification.

Summary

Port staff recommends that the Port Commission authorize staff to execute a contract modification to extend the substantial completion date of Contract No. 2680 by 60 calendar days, from September 15, 2006 to November 14, 2006.

Prepared by: Kim von Blohn, Project Manager
For: Edward F. Byrne, Chief Harbor Engineer

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 06-68

WHEREAS, The construction of the Illinois Street Intermodal Bridge span and Northern Approach is in progress pursuant to Port Contract No. 2680 and is scheduled to be completed before the Southern Approach; and

WHEREAS, During excavation for the railroad spur to Pier 80, the project contractor uncovered utilities that caused project delays to identify the utilities, determine ownership and relocation responsibility, and develop re-routing plans with the contractor; and

WHEREAS, Port staff determined that the contractor, Shimmick Construction Company, Inc., is entitled to a 60 day time extension to mitigate the unavoidable delays caused by field conditions of utilities found during construction of the north approach track work that were different from those shown in drawings; and

WHEREAS, A 60-day extension of the substantial completion date is appropriate and necessary as a result of the contractor's discovery of field conditions of utilities that were different from those shown in drawings and therefore the existing substantial completion schedule for Contract No. 2680 should be extended by 60 days resulting in a new date for substantial completion of November 14, 2006; now, therefore be it

RESOLVED, That the San Francisco Port Commission hereby authorizes Port staff to extend the existing substantial completion date for Contract No. 2680 by 60 days from September 15, 2006 resulting in a revised substantial completion date of November 14, 2006; and further authorizes the Executive Director to accept the contract work upon final completion.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of September 26, 2006.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

September 21, 2006

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Wilfred Hsu

FROM: Monique A. Moyer
Executive Director

SUBJECT: Informational Presentation on Fiscal Impacts of Port managed Ferry Terminals

DIRECTOR'S RECOMMENDATION: INFORMATIONAL PRESENTATION; NO ACTION REQUIRED

In the 1920's and 1930's, the Ferry Building was the world's second busiest passenger terminal behind London's Charing Cross Station. At its height, more than 170 ferries arrived and departed each day from eight berths with approximately 50 million riders per year passing through its gates. With the construction of bridges spanning the Bay in the 1930's, San Francisco Bay ferry traffic was reduced substantially, however the Loma Prieta Earthquake of 1989 reminded people of the vital role ferries and water transportation can play.

The Ferry Building area has regained an identity as the hub of the Bay Area regional ferry system. The Port of San Francisco today plays a key role as the central terminus for Bay Area water transit. The Port is now the leading ferry passenger port in California handling over three million passengers annually.

The San Francisco Bay Water Transit Authority, "WTA", is a regional agency authorized by the State to operate a comprehensive San Francisco Bay Area water transit system. Through the approval of Regional Measure 2 (RM-2) in 2004, the WTA has obtained capital funds for use towards the planning and expansion of ferry facilities in San Francisco Bay. WTA's primary interest is in water transit and transportation-related improvements consistent with their long-term regional plan.

Golden Gate Bridge Highway and Transportation District ("Golden Gate") has a long-term port lease for its own facility at the Downtown Ferry Terminal. Golden Gate operates this terminal and provides service between Marin County and San Francisco. The Port is not involved in the

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day to day management or security of the Golden Gate ferry facilities and thus does not derive any operating revenue from Golden Gate. Likewise, the Port does not incur any expense from the Golden Gate service.

Port Ferry Facilities

Commuter ferry service is provided by multiple ferry operators through berthing facilities operated and maintained by the Port. Given existing and projected congestion in the Bay Area's regional transportation system, demand for ferry service will grow. In 1999, the Port Commission secured $16 million in grants and, combined with Port capital funds, planned and subsequently built a new Downtown Ferry Terminal which included two new terminals (Gates "B" and "E"), and the Pier 14 breakwater and public pier. Gates B and E each provide a two-berth float and currently serve ferry routes to Vallejo, Tiburon, Oakland/Alameda and Harbor Bay Island operated by Blue & Gold Fleet and Harbor Bay Maritime.

In 2000 the Port opened the new ferry terminal at China Basin adjacent to the new S.F. Giants Ball Park. The main project elements included a two-berth passenger terminal with accessible gangways, floating platforms, entry gates, signage, and utilities. Construction of the project was funded from a $2,000,000 grant from the Federal Transit Administration and $876,000 of Port Capital funds. This facility is now only open during the baseball season and for certain special events.

Financial Impacts of maintenance and operations of Port Ferry Facilities

The Port maintains and provides security for both the Downtown Ferry Terminal and the China Basin ferry terminal at AT&T Park. The Port does not provide security or maintenance at the Golden Gate Ferry terminal at the Ferry Building. At Port managed ferry terminals, revenues are derived from ferry operators based upon a formula that was developed in 1993 prior to the construction of the two new facilities. The current pricing model has not been updated since 1993 and does not include any Consumer Price Index adjustments.

The Port has attempted to price terminal usage by regularly scheduled ferry operations to cover port operating expenses. Recent federally mandated Transportation Administration Facility security protocols have increased security and management expenses. The Port has security responsibilities and has completed facility security plans for both the Downtown Ferry Terminals and China Basin Facilities. These responsibilities and expenses could increase if federal maritime security (MARSEC) levels are raised.

The data listed in the below chart illustrates that maintaining, securing and operating the ferry facilities at the Downtown Ferry terminal costs approximately $200,000 per year. In order to recover this subsidy the Port would need to charge an additional $0.14 per passenger, excluding and allocation for future capital improvements. For the past three years, the Port's average subsidy for the China Basin Ferry Terminal is approximately $55,000 per year. In order to recoup this subsidy, the Port would have to charge an additional per passenger fee of $0.43 per passenger, excluding any funds for future capital improvements.

Port of San Francisco

Revenue and Expenditure Summary - Ferry Terminals

	FY 03/04	FY 04/05	FY 05/06
Downtown Ferry Terminal (Gates B & E)			
Revenue - landing fees	$104,193	$99,413	$105,850
Expense	($296,035)	($273,582)	na
Over/(Under)	($191,842)	($174,169)	na
Total Passengers On/Off	1,328,762	1,445,440	1,337,688
Per Passenger			
Revenue	$0.08	$0.07	$0.08
Expense	($0.22)	($0.19)	
Shortfall per Passenger	($0.14)	($0.12)	na
Total Ferry Landings	13,319	12,450	14,079
Per Landing			
Revenue	$7.82	$7.98	$7.52
Expense	($22.23)	($21.97)	
Shortfall per Landing	($14.40)	($13.99)	na
China Basin Ballpark Ferry Terminal			
Revenue - landing fees	$2,720	$3,620	$4,060
Expense	($52,294)	($47,564)	($66,926)
Over/(Under)	($49,574)	($43,944)	($62,866)
Total Passengers On/Off	119,157	126,017	*127,277*
Per Passenger			
Revenue	$0.02	$0.03	*$0.03*
Expense	($0.44)	($0.38)	*($0.53)*
Shortfall per Passenger	($0.42)	($0.35)	($0.49)
Total Ferry Landings	136	181	203
Per Landing			
Revenue	$20.00	$20.00	$20.00
Expense	($384.51)	($262.78)	($329.69)
Shortfall per Landing	($364.51)	($242.78)	($309.69)
Annual Depreciation (not included above)			
Downtown Ferry Terminal	$246,384	$246,384	$246,384
China Basin Ballpark Ferry Terminal	$203,976	$203,976	$203,976

Notes:

-Expenses include:

- Maintenance Overhead 100% - admin staff, physical inventory including vehicles, paid-time off, workers comp
- Direct Salaries/materials supplies - directly coded to a facility
- Overhead (Indirect) - allocation of a percentage of support costs including Admin Services(IT, Accounting/Finance), Executive, Legal

- 05/06 passenger estimate for CB based on 1% increase over actual 04/05
- Port's 10-yr capital plan includes $505,000 and $495,000 for DFT and CB respectively for deferred maintenance on ferry floats

10-Year Capital Plan

Our analysis has not included costs associated with repairing design flaws at the China Basin Ferry floats. It doesn't contain any depreciation expense since the facilities were funded primarily by non-port funds. We have not though included any monies for deferred maintenance, or repair. As footnoted above, the Port recently completed a10-year capital plan which includes items pertaining to the Port's Ferry Terminals. The 10-year Capital plan shows an approximately $25,000 per year cost allocation per ferry berthing facility (four) to cover items such as float and gangway maintenance, gangway resurfacing/painting awning replacement. Allocating this expense over historical passenger levels extrapolated over the next ten years could mean an additional $0.04 increase for the DFT passengers and a $0.40 per passenger increase for the CBFT.

Next Steps

Staff recommends that we meet with the current ferry operators, the Water Transit Authority and the San Francisco Giants to discuss further the Port's current operating deficit with the goal of updating the Port's pricing mechanism to recapture Port operating expenses as well as fund future maintenance needs. After this outreach and discussion, staff will come back to the Port Commission to detail possible pricing/operational solutions by February 2007.

Prepared by: Peter Dailey
Deputy Director, Maritime

PORT OF SAN FRANCISCO

MEMORANDUM

September 21, 2006

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Wilfred Hsu

FROM: Monique Moyer
Executive Director

SUBJECT: As-Needed Professional Services Contracts – 4th Quarter Report for Fiscal Year 2005/06

DIRECTOR'S RECOMMENDATION: INFORMATIONAL ONLY; NO ACTION REQUIRED

The purpose of this report is to comply with "As-Needed" contracting requirements as promulgated by Section 6.64 of the San Francisco Administrative Code, Port Commission Resolution 03-50 and a Letter of Agreement with Local 21 International Federation of Professional and Technical Employees Association (IFPTE).

The attached As-Needed Professional Service Contract Report is for the 4th Quarter Period of April 1, 2006 – June 30, 2006. This report will be submitted to the Local 21 and Board of Supervisors.

This report focuses on:

- as-needed engineering and environmental consulting service contracts authorized by the Port Commission through its July 16, 2003 Resolution #03-50;
- subsequent resolutions authorizing staff to replace the two contracts awarded under the aforementioned resolution; and
- New as-needed Real Estate Economics and Related Consulting Services contracts.

The two contracts being replaced are: 1) Parsons, Brinckerhoff, Quade and Douglas, Inc. (PB) and 2) Moffatt and Nichol Engineers (MN). The original contract award to both firms was not-to-exceed $1.0 million. The Port Commission authorized an increase in the not-to-exceed contract amount awarded to PB from $1,000,000 to $1,500,000 in order to accommodate required compensation to complete Illinois Bridge project work. These contracts have a total combined not-to-exceed limit of $2.0 million and an original expiration date of June 30, 2006.

This Print Covers Calendar Item No. 8A

The PB and MN contracts are now due to expire December 31, 2006 based upon a contract extension authorized by the Port Commission and Civil Service Commission in May 2006. These contract extensions were needed due to the on-going nature of projects already assigned under existing Contract Service Orders.

The above two contracts are being replaced by three (3) separate new pools of as-needed contracts as follows:

1. As-Needed Architectural and Engineering Professional Services
2. As-Needed Environmental Consulting Services
3. As-Needed Construction Support Services

Of the above replacement As-Needed Contract pools, as of this date, the Port Commission awarded the following new contracts:

<u>As-Needed Architectural and Engineering Professional Services (NTE $1.5 million each)</u>

1. Creegan & D'Angelo
2. Winzler & Kelly/Tom Elliot Fisch Joint Venture (DBE)

<u>As-Needed Environmental Consulting Services (NTE $665k each)</u>

1. Treadwell & Rollo/Hydroconsult Joint Venture (DBE)
2. Weiss & Associates
3. URS/Avila Joint Venture (DBE)

The remaining As-Needed Construction Support Services contract pool is in the process of being established.

In addition to the above, the Port has established the following pool of as-needed Real Estate Economics consultants, of which contracts have been executed in the amount not-to-exceed $550,000 each.

1) Economic Planning Systems
2) Keyser Marston Associates
3) CBRE Consulting Inc.
4) Bay Area Economics Inc.

As a part of Port Commission Resolution authorizing all of the aforementioned contract awards, the following requirements apply (paraphrased for brevity):

1) The Port would exhaust its efforts to use Port or City staff in other departments whenever possible prior to exercising use of the As-Needed contracts.
2) Port Commission action is required on any Contract Service Order in excess of $75,000; $200,000 limit for any Contract Service Order issued under the new as-needed contract pools.
3) Port staff would provide a report to this Commission on a quarterly basis as to the overall use of the contract, as well as to Human Rights Commission participation goals.

4) Copies of these quarterly reports to Local 21 and the Department of Public Works (DPW).

Local 21 and DPW requested that the Port include in its quarterly reports the following:

1) Contracting activity for the previous quarter
2) Anticipated contracting activity for the upcoming quarter
3) Estimated staffing numbers and projects related to the as-needed contract services.

In addition to the above reporting requirements, San Francisco Administrative Code Section 6.64 – AS NEEDED CONTRACTS, requires department heads authorized to execute public works and professional service contracts to report quarterly to the Board of Supervisors regarding the department's use of as-needed contracts and the actual amount of participation of MBE and WBE subcontractors or subconsultants that were listed on prime contractor's bid(s) or proposal(s) to determine whether MBE/WBE subcontracting participation goals are being met on as-needed contracts. Such reports shall be referred to a Board committee for public hearing.

The attached report is submitted to meet the above requirements. In closing, staff requests the Port Commission's acceptance of this report.

Prepared by: Norma Nelson, Contract Manager
For: Tina Olson, Director of Finance & Administration

AS-NEEDED CONTRACTS QUARTERLY REPORT FOR THE PERIOD
April 1, 2006 – June 30, 2006 (4th Quarter)

The purpose of this report is to comply with "As-Needed" contracting requirements as promulgated by Section 6.64 of the San Francisco Administrative Code, Port Commission Resolution 03-50 and a Letter of Agreement with Local 21 International Federation of Professional and Technical Employees Association (IFPTE). It is divided into the following three sections: 1) Overall Use of the Contracts; 2) Anticipated As-Needed Upcoming Contracting Activity for the Next Quarter; and 3) Staffing and Projects.

This report focuses on the following two contracts (originally valued at $1.0 million each) that were due to expire June 30, 2006, but authorized for contract extension at the Port Commission's May 23, 2006 meeting.

1. Parsons, Brinckerhoff, Quade and Douglas, Inc. (PB); and
2. Moffatt and Nichol Engineers (MN).

The Parsons, Brinckerhoff, Quade and Douglas, Inc. contract has been increased to a not-to-exceed amount of $1,500,000 to compensate its work on the Ilinois Bridge project. However, these two contracts are being replaced by three (3) separate new pools of as-needed contracts as follows:

1. As-Needed Architectural and Engineering Professional Services
2. As-Needed Environmental Consulting Services
3. As-Needed Construction Support Services

Of the above replacement As-Needed Contract pools, as of this date, the Port Commission awarded the following new contracts:

As-Needed Architectural and Engineering Professional Services (NTE $1.5 million ea.)

1. Creegan & D'Angelo
2. Winzler & Kelly/Tom Elliot Fisch Joint Venture (DBE)

As-Needed Environmental Consulting Services (NTE $665k ea.)

1. Treadwell & Rollo/Hydroconsult Joint Venture (DBE)
2. Weiss & Associates
3. URS/Avila (DBE)

The remaining As-Needed Construction Support Services contract pool is in the procurement process and is expected to be presented for contract award sometime during the fall. The new as-needed contract pools fall under the San Francisco Human Rights Commission (HRC) interim Disadvantaged Business Enterprise (DBE) program. The DBE replaced the Minority and Women's Business Enterprise (M/WBE) program following a court injunction in 2004 prohibiting use of racial preferences in awarding public contracts.

Each of the above contracts includes DBE subconsulting participation of 20% as determined by the Port's HRC Contract Compliance Officer. It should be noted that three of the contracts awarded include a joint venture relationship with a DBE firm. Therefore, these new contracts will include DBE participation at both the prime (direct) contracting level as well as the subconsulting (indirect) contracting level. Thus, by splitting up the contracts, it is anticipated that greater DBE participation will be achieved than under the 2003 as-needed contracts.

In addition to the above, the Port has established the following pool of as-needed Real Estate Economics consultants, of which contracts have been executed in the amount not-to-exceed $550,000 each.

1) Economic Planning Systems
2) Keyser Marston Associates
3) CBRE Consulting Inc.
4) Bay Area Economics Inc.

I. OVERALL USE OF THE CONTRACTS

Port Commission authorization is required on any Contract Service Order in excess of $75,000; $200,000 limit for any Contract Service Order issued under the new as-needed contract pools. A contracts database has been designed for tracking all projects to assure that no project work utilizes the as-needed contracts in excess of $200,000 without the requisite authority.

A. Expiring As-Needed Contracts

MB/WBE Sub-consulting Participation

COMBINED GOAL: 24%	MBE GOAL: 16%	WBE GOAL: 8%
COMBINED ACTUAL: 15.18%	MBE ACTUAL: 7.25%	MBE ACTUAL: 7.93%

The Minority Business Enterprise (MBE) sub-consulting goal for each of the awarded as-needed contracts was 16%. (These goals are grandfathered in by San Francisco Administrative Code Section 14(A)-Disadvantaged Business Enterprise Program - DBE) The Women Business Enterprise (WBE) sub-consulting goal for each of the awarded as-needed contracts was 8%. The Port's Human Rights Commission Representative has been asked to verify M/WBE sub-consultant participation for each of the firms.

The Port's HRC representative reviews and approves all variances from the contract subconsultant utilization requirements. The Port has not yet received HRC verification of these vendors' compliance with M/WBE subconsultant utilization and payment requirements. The Port's HRC Contract Compliance Officer has indicated that the requested report is to be provided once the permanent DBE Program has been adopted by the San Francisco Board of Supervisors.

A new Local Business Enterprise and Non-Discrimination Ordinance has been adopted by the Board of Supervisors and signed by Mayor Gavin Newsom. That new program is effective September 1, 2006. However, none of the Port's as-needed contracts already awarded or in process of being awarded are required to comply with the new program. Any new contracts solicited after September 1, 2006 will be subject to the new Local Business Enterprise Program, which replaces the Interim DBE Program that applies to the Port's as-needed contracts.

The following chart represents Port staff's most recent findings on M/WBE utilization to date based upon CSOs issued. This chart reflects a decline in the overall participation of MBE and WBE firms for 3rd Quarter Reporting Period. This decline is due to the highly specialized nature of work assigned to Moffatt & Nichol Engineers that precluded participation of DBE subconsultants. Port staff will be working with each of the as-needed prime consultants during the upcoming quarters to seek more

opportunities for utilization of listed M/WBE firms to participate as subconsultants on upcoming project work.

HRC Minority and Women Business Enterprise Utilizaton

HRC Minority and Women Business Utilization for THE REPORTING PERIOD (April 1, 2006 – June 30, 2006)						
		MBE AMOUNT		WBE AMOUNT		TOTAL
		4th Qtr	Todate	4th Qtr	Todate	TODATE
1	**Parsons, Brinckerhoff, Quade and Douglas, Inc.** CSO Amt. = $1,265,606.66	n/a	$128,293.69	n/a	$65,059.66	$193,353.35
2	**Moffatt and Nichol Engineers, Inc.** CSO Amt. = $451,222.00	0	0	0	$71,099.90	$71,099.90
	TOTALS $1,716,828.66	**0**	**$128,293.69**	**0**	**$136,159.56**	**$264,453.25**
	%		**7.25%**		**7.93%**	**15.18%**

As-Need Contract Service Orders

Parsons, Brinckerhoff, Quade and Douglas, Inc.

PB CHANGES IN CONTRACT SERVICE ORDER DURING THE REPORTING PERIOD (April 1, 2006 – June 30, 2006)				
CSO #	**TASK NAME**	**PRIOR PERIOD AMT.**	**CURRENT PERIOD AMT.**	**$ CHANGE**
NO CHANGES				

Moffatt & Nichol Engineers Inc.

MN CHANGES IN CONTRACT SERVICE ORDER DURING THE REPORTING PERIOD (January 1, 2005 – March 31, 2006)				
CSO #	**Task Name**	**Prior Period Amount**	**Current Period Amount**	**$ Change**
MN-16	Rapid Structural Assessment of Prioritized Damaged Buildings	-0-	$50,000	+$50,000
	TOTAL NEW CSOs		**$50,000**	**+$50,000**

B. New As-Needed Contract Activity

As specified by city ordinance; San Francisco Administrative Code Section 6.64, the new as-needed contracts have a $200,000 limit for the Construction-related professional services. An exception exists in the event that the department head makes a declaration of urgency to exceed that $200,000 limit. However, the Port Commission in its authorization to award these contracts required its explicit approval in such instances. Although non-construction-related professional service as-needed contracts do not have such a limit in accordance with city ordinance, the Port Commission authorization is limited to $200,000 without Port Commission prior approval.

Creegan & D'Angelo - RFP issued for Pier 52/54 Boat Launch Project
RFP issued for Pier 35 Improvement Project–Electrical Work

Tom Elliot Fisch/Winzler & Kelly Joint Venture – No Activity

Treadwell & Rollo/Hydroconsult Joint Venture - RFP issued for Stormwater Management Plan

Weiss & Associates - RFP issued for Stormwater Management Plan
RFP issued for Pier 45 Drainage Project

URS/Avila – RFP issued for Stormwater Management Plan

Economic Planning Systems – No Activity

Keyser Marston Associates – No Activity

CBRE Consulting Inc. – No Activity

Bay Area Economics Inc. – No Activity

II. ANTICIPATED AS-NEEDED CONTRACTING ACTIVITY FOR THE UPCOMING QUARTER (July 1, 2006 – September 30, 2006)

Construction-related Professional Services

Description of Work	Estimated Dollar Amount	Project
Engineering (Additional Services to competed the Project) (As-Needed Architectural & Engineering)	$125,000	Pier 52 Boat Launch Ramp
Engineering design, drawings and specs (As-Needed Environmental)	$75,000	Amador Street Extension Vegetated Swale
Stormwater Post Construction Control Design Guidelines and Public Outreach (As-Needed Environmental)	$200,000	Port/PUC Project
Environmental Education and Outreach (As-Needed Environmental)	$30,000	Fisherman's Wharf Public Outreach
Investigation, sampling, and laboratory analysis for site investigation and risk assessment report (As-Needed Environmental)	$140,000	Pier 70 Shoreline Env Site Investigation
Project Management Support (As-Needed Architectural &Engineering)	$100,000	Wharf J-10 Demolition
Assessment & Repair Plan (Moffatt & Nichol Engineers)	$49,000	Wharf J-9 CAL Shell Fish Building
Electrical Engineering Services (Parsons, Brinckerhoff, Quade & Douglas)	$14,000	Pier 35 Façade Repairs
Rapid Structure Assessments (As-Needed Architectural & Engineering)	$50,000	Port Substructures and Superstructures Inspections
Disposal Resolution (Moffatt & Nichol Engineers) (As-Needed Environmental)	$100,000	DryDock #1
Preparation of a Conceptural design for water collection and conveyance system (As-Needed Environmental)	$70,000	Pier 45 Drainage
Historic Preservation & Design for Exterior Façade, Structural and related improvements (As-Needed Architectural & Engineering)	$75,000	Pier 35 Improvements
Provide construction administration and support for project designed by Creegan & D'Angelo) (As-Needed Construction Support Services)	$75,000	Illinois Bridge – South Approach
Independent Pier Review of Cost Analysis to support Planning efforts. (As-Needed Architectural & Engineering)	$50,000	Peer Review of Substructure Cost Analysis (Piers 27-31)
TOTAL ESTIMATED AMOUNT	**$1,153,000**	

Real Estate and Related Consulting Services

Description of Work	Estimated Dollar Amount	Project
Produce an economically viable master land use and development plan for the Pier 70 area.	$200,000	Pier 70 Master Plan
Market Analysis of Recycled Construction Materials	$25,000	Piers 94-96 Backlands Concrete Materials Project
Provide technical support to Port staff in evaluating environmental conditions, feasibility study of remedial alternative, risk assessments and proposed remedial action.	$40,000	Former ExxonMobil Fuel Terminal Remediation
Economic/development feasibility analysis of the Agriculture Building, the Ferry Building Parking Structure, and related Design Plans for nearby open space areas.	$100,000	Ferry Building Area Planning
Community planning and economic/development feasibility analysis for SWL 337.	$100,000	SWL 337 Planning
TOTAL ESTIMATED AMOUNT	**$465,000**	

III. STAFFING NUMBERS AND PROJECTS

Staffing Activity for Fiscal Year 2005-06,
Fourth Quarter, March 1, 2006 through June 30, 2006
Classes Represented by IFPTE, Local 21

1054 Business Analyst III	Employee resigned 5/18/06. Employment registery and general recruiting conducted beginning in July.
1824 Principal Admin Analyst	Position had previously been TX'd to 1824 Senior Administrative Analyst. Position restored to budgeted class; selection made from Employment Register (start date pending).
1824 Principal Admin Analyst	Employee accepted a position at Airport effective 4/24/06. Position TX'd to 1823 Senior Administrative Analyst. Registry recruitment will be conducted in July.
5207 Associate Engineer	Permanent hire from eligible list made on 6/19/06.
5241 Engineer (Civil) – 2 positions	Panel interviews held for two positions in July. Permanent hires made from eligible list effective 7/1/06. 1. Permanent employee in Class 5207 Associate Engineer upgraded to 5241 (position had previously been TX'd to 5207). 2. Exempt employee in Class 5506 Project Manager III appointed to 5241 and placed on leave while assigned as 5506.
5268 Architect	Permanent hire made from eligible list on 6/26/06.
5382 Student Design Trainee III	Four positions filled: two in Engineering and two in Planning and Development. Positions are full-time for the summer and employees may be continued during the school year, depending on funding, workload and school schedule.
6318 Construction Inspector	Interviews held in June. Permanent hire made from eligible list. Employee will start working 7/17/06.

Projects

See Section II. ANTICIPATED AS-NEEDED CONTRACTING ACTIVITY FOR THE UPCOMING QUARTER (July 1, 2006 – September 30, 2006)

SAN FRANCISCO
PORT COMMISSION

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SEPTEMBER 26, 2006
MINUTES OF THE MEETING

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MEMBERS, PORT COMMISSION

HON. ANN LAZARUS, PRESIDENT
HON. KIMBERLY BRANDON, VICE PRESIDENT
HON. MICHAEL HARDEMAN
HON. WILFRED HSU

MONIQUE MOYER, EXECUTIVE DIRECTOR
AMY QUESADA, COMMISSION SECRETARY

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE SPECIAL MEETING
SEPTEMBER 26, 2006

1. CALL TO ORDER / ROLL CALL

Commission President Ann Lazarus called the meeting to order at 2:05 p.m. The following Commissioners were present: Ann Lazarus, Kimberly Brandon and Michael Hardeman. Commissioner Wilfred Hsu arrived at 2:40 p.m.

2. APPROVAL OF MINUTES - September 12, 2006

ACTION: Commissioner Brandon moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; the minutes of the September 12, 2006 meeting were adopted.

3. EXECUTIVE

A. Executive Director's Report: Executive Director Monique Moyer reported the following:

- Commendation for Kari Kilstrom. Ms Moyer recognized Kari Kilstrom who has decided that, after 12 very enamored, very brain wracking, and complex years with the Port, there might be life outside our boundaries. She is leaving the Port at the end of this week. Kari has made tremendous contributions to the Port over the 12-year period. Kari is one of the cherished members of the Port. Port staff unanimously considers her a friend and an ally. She has a loyal following of tenants and clients.

  Commissioner Lazarus read the proclamation for Kari Kilstrom into the record and wished her well in her endeavors:

  Whereas, Kari Kilstrom joined the Port of San Francisco in 1993 and played a very important role in the adoption of the Port's Waterfront Land Use Plan, a blueprint for revitalizing the waterfront, by managing the completion of the California Environmental Quality Act Environmental Impact Report process; and

  Whereas, Kari Kilstrom has worked tirelessly for the Port, as development project manager on a wide array of complex waterfront development projects reflecting the diverse interests and character of San Francisco, including the non-profit arts consortium at Pier 70, JMA Ventures and the Waterbar and Epic Restaurants integrated into Rincon Park; the San Francisco International Women's Museum; and the San Francisco Giants Ballpark; and

Whereas, Kari Kilstrom possesses a rare combination of intelligence, integrity, gentle but determined persistence, patience, common sense, kindness and grace that fosters trusting relationships and creative collaboration to resolve even the most complex and ticklish issues in her projects; and

Whereas, After witnessing firsthand that earnest and hands-on approach to her projects, the San Francisco Giants have stated that they regard Kari Kilstrom as the best City employee they have ever encountered; and

Whereas, Kari Kilstrom also possesses a playful, quick wit which has made her Planning & Development's pick as the colleague most likely to come up with the funniest comments at the least expected moments, which underscores the importance of humor in an environment fraught with bureaucratic mischief; and

Whereas, Not surprisingly, Kari Kilstrom has twice received Employee of the Year awards at the Port; and

Whereas, Kari Kilstrom's selfless dedication to the Port and the City personify standards for public service that the City seeks in all its employees; and

Whereas, As a result, Kari Kilstrom has earned the respect, admiration and genuine friendship of people from all quarters: community, developers, other public agency staff, City Hall, and especially her colleagues at the Port; Therefore be it

Whereas, On behalf of the Port and the City, the San Francisco Port Commission hereby expresses its sincere appreciation and thanks to Kari Kilstrom for her dedication and careful stewardship of improvements to San Francisco's waterfront, and wishes her many more successes in her future endeavors.

Kari Kilstrom indicated that had she known how everyone felt, she would have never resigned her position. She had not even looked at this part of the calendar until about a few minutes ago. She was very focused on the BART project. Her tenure at the Port has been amazing. The people she has had an opportunity to work with starting with the Waterfront Land Use Plan and working on the great projects that Commissioner Lazarus just mentioned. She expressed her gratitude and it's been an honor and a gift serving the Port Commission and having Monique as an Executive Director. She will miss everyone.

Jack Bair, San Francisco Giants, indicated that he worked with Kari continuously for most of his career with the Giants and most of her career at the Port. They are very fortunate to build the ballpark and have it be a success. They are lucky that they have worked with a lot of great quality people in the City, throughout all the City, State and Regional agencies. Kari was with them all the way. With the planning and design of the ballpark and the implementation of the mitigation measures to make sure that the neighborhood would be protected and the ballpark would be in a positive light not only by the fans and their team but also the people who lived and worked near the ballpark. Kari exemplifies the best of a person in

terms of public service. She's very patient. She listens. She's sincere. You believe her and she has ultimate credibility. She delivers the messages at the Port very well. They worked very well together. He can't think of anybody else that he has worked with in his career that he enjoyed more than Kari. She's a person that he holds in the highest regard and will miss her greatly. They also worked on the McCovey Cove; actually it's the China Basin Park with the statue of McCovey which is an issue. They worked on the Coke bottle and the back of the scoreboard and lots of different issues with the community as the ballpark was being constructed and after it was completed. Kari has done a great job for the Port. They will miss her greatly at the Giants and him particularly. He congratulated her and thanked the Port for employing such a fine person. On behalf of the Giants, he presented Kari with a jewelry box with an All-Star Game logo and a baseball with McCovey's autograph.

Ms. Kilstrom thanked Jack Bair. She said it's even more meaningful since she wasn't a Giants fan when she originally started working on the project but she's a diehard fan now.

Ernestine Weiss indicated that it's been a pleasure working with Kari. She doesn't know anybody else that fits her description that she has come across with all these years. She is proud of her and thanked her for all her service.

Ms. Moyer indicated that on Friday Port staff will have a chance to make her blush so we're all reserving our comments for the privacy of that moment. We will all miss her. She's already nervous about who is going to handle some of her more irritating projects in her absence. She wished her all the best and invited her to be a tourist at the waterfront.

- Update of the Alcatraz Ferry Service at Pier 31½: The ferry service moved from Blue & Gold to Hornblower at Pier 31½ on Monday, September 25, 2006. The first boat was scheduled to leave at 8:30 a.m. to take staff out to the island with the first passenger boat scheduled to leave at 8:45 a.m. Port staff worked tirelessly in the ten business days prior to the move trying to understand exactly what was going to happen at our property and insert our opinions about it. Port staff not only worked throughout the weekend but were also at the site on Monday and today. The inauguration of the service at Pier 31½ was attended by the National Park Service's personnel including the Park police. The San Francisco Police Department came at the Port's request to help with traffic and crowd control. Despite the fact that Chief Fong made a tremendous number of her personnel available within a very short period of time, we were able to send most of them back to duties at other places. The scene at Pier 31½ by all of the parties was very professional and very well orchestrated. Despite hours and hours at the bargaining table this past weekend up to 12:30 a.m. on Monday morning, there was not a resolution to the labor issues. There was a labor picket on Monday morning as well. That lasted throughout much of the day but most heavily through the morning hours and drew a lot of press and different folks in support and in solidarity of their issues. For the time that she was there, the labor personnel comported themselves extremely well and were very helpful to the Port in

ensuring that passersby were able to get through and to get through safely. There were a few joggers who thought it would be safer to jog in the second lane of the Embarcadero than to jog along the promenade. There was a whole meaning about not wanting to cross the picket lines. Thanks to the cooperation of all of the parties we were able to get that resolved and they proceeded without any incident. The Mayor and Congresswoman Pelosi are still at the bargaining table and have asked for a cooling off period which will run through this Saturday. That is very significant to the Port as we have three cruise ships in this week. The Port did make alternative arrangements at our cost, which is pretty significant, to ensure that the ILWU employees that service Pier 35 would not have to cross the picket line. The Mayor and Congresswoman Pelosi intervened as well. It is her understanding that negotiations will continue throughout the week with a goal of resolving those issues. She commended Mayor's Chief of Staff, Steve Kawa and Dan Bernal who have dedicated countless hours to try to resolve these issues.

Late this weekend, an entity of Hornblower or Terry MacRae himself acquired the stock to Crossing the Bar which is a subtenant of our Pier 33 tenant. It is a change in control that does not trigger discretionary approval by the Port but it did allow for the Crossing the Bar Restaurant premises to be available for purposes of restroom access. We are still waiting for an official notice from the parties on exactly what the transaction was and what the plans are with respect to that leasehold. There are a lot of things that we are working on all sides. In short, the passengers were able to get to the island. The Port was able to conduct its business. While there was probably some inconvenience to passersby on the Embarcadero, all went fairly smoothly. She again visited the site today and the service seems to be coexisting very well with the cruise ship passengers.

- Executive Director's Appointment to the AAPA 2006/2007 Board of Directors: At the annual conference of the American Association of Port Authorities earlier this month, she was again appointed to the Board and she pledged to attend the meeting this year.

- San Francisco Community Heroes Breakfast – September 28, 2006: The Red Cross, in connection with the SF Fire Department and the SF Police Department, hosts an annual heroes breakfast. This year, there are 5 heroes that are going to be recognized at that breakfast. This is the second annual event. The Port nominated Tony DeGregoris who, on September 30, jumped into the bay at Pier ½ to rescue a two-year old girl who had fallen in. Neither of her parents who accompanied her could swim. Tony worked at the time for DHL and he happened to be returning from a delivery at the Ferry Building and saw the commotion and without hesitation, immediately jumped into the bay, fully clothed, sunglasses, and cell phone. But for him, the little girl would probably have not had such a great fate. We are very pleased to not only nominate him but we are pleased that he won. The Port purchased a table for him and his guests to enjoy and be recognized for his selflessness in rescuing the little girl.

- Fleet Week – October 6-10, 2006: This is an event that the Port has co-hosted since 1981. There will be a record number of ships in the parade, mostly U.S.

Naval ships and three ships from the Canadian Navy. It's the 60th anniversary of the Blue Angels. The U.S.S. Nimitz will be anchored off shore and part of the parade but it will not be open to the public. It should be a spectacular event and it will be launched this Sunday with the blessing of the fleet. The events will continue a full ten days thereafter. The Blue Angels will be performing on Saturday and Sunday. The Red Bull Race will take place on Saturday. It will be a great event and many of our tenants participate that week.

- Korean Training Navy Vessels Visit - October 11-15, 2006: The Port will be entertaining the Korean Navy on October 11-15, 2006. They usually send training navy to the Port once a year on a worldwide tour. The purpose of their visit is to strengthen bilateral relations between Korea and the United States in naval affairs and to give the Korean Navy Cadets a chance to experience sea training. There will be two vessels and approximately 470 personnel ranging from officers to cadets. They will berth at Pier 30-32, following the departure of Bon Homme Richard which will be participating during Fleet Week.

- On Monday, September 25, 2006, the Port Security Grants were announced. For this round we requested funding to install security cameras in various locations throughout the Port. The cost of this system would have been in excess of $1.3 million. Unfortunately, the Port of San Francisco, as well as the Port of Oakland, received no funding. We were very disappointed. The Coast Guard Captain of the Port does the screening and makes the recommendation. Port staff worked with them to determine what we thought was a very viable proposal. It looks like they have categorized the nation's ports into 4 tiers based on threat level. The good news of all this is we're in tier #4 which means the lowest threat level. They funded all of the ports in tiers 1-3 and only 26 out of 77 ports who are in tier #4. We are very disappointed and candidly shocked that the third largest port in the country did not receive funding either. The Port of Richmond, however, did.

- Simms Metal, a metal recycler and a Port tenant at Pier 70, worked hard and received a Green Citizens Award from the Department of the Environment. They did have to change their business practices given that award and we commend them for their efforts. We are very pleased to welcome them among many of the Port's tenants who have received such an award. As you know the Mayor traveled last week and was on the panel with former President Clinton and he has a renewed intensity for our role in environmental stewardship.

- Rodney Fong's nomination will be heard by the Board of Supervisors Rules Committee on October 5, 2006. Depending on how fast the board acts and the Mayor signs the resolution, he could be joining us for our October 10 meeting or the meeting thereafter.

4. CONSENT

A. Request approval of the subletting of the Premises located at Pier 26 under Port Lease L-14087 with David W. Romero to Shelton Theater LLC for use as an office space, for

a period of 6 months, commencing October 1, 2006 and ending March 31, 2007. (Resolution No. 06-69)

B. Request authorization for the Executive Director to enter into an agreement and/or lease amendment with Inspection Services, Inc., regarding its Lease No. L-13074 for premises at Pier 26, for the payment of delinquent rent in the amount of $48,110.75 in 12 monthly installments at 4 percent annual interest, and a release and waiver of all claims against the City and County of San Francisco. (Resolution No. 06-70)

C. Request approval to Waive Permit and Use Fees for 2006 Fleet Week. (Resolution No. 06-71)

D. Request approval to Waive Permit and Use Fees for the 2006 Madonna del Lume Celebrations and the Blessing of the Fishing Fleet. (Resolution No. 06-72)

ACTION: Commissioner Brandon moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; Resolution Nos. 06-69, 06-70, 06-71, 06-72 were adopted.

5. PLANNING & DEVELOPMENT

A. Request authorization to Execute First Amendment to Amended and Restated Exclusive Negotiation Agreement ("Amended ENA") Extending Term Thereof and Extending Certain Benchmark Deadlines for the Piers 27-31 Mixed-Use Recreation Project with Developer SF Piers LLC (Site Location: The Embarcadero, between Francisco and Battery Streets). (Resolution No. 06-64)

Jennifer Sobol, Planning and Development, requested an extension of the ENA with SF Piers LLC for the Piers 27-31 Recreation project. She also requested an extension of some of the benchmarks in that agreement and the Commission's authorization to execute the first amendment which will document these extensions. Staff had hoped to present the official development proposal and financial proposal for the project today but were not able to for the reasons stated in the staff report. On August 8, 2006, the developer made an informational presentation of a preliminary plan for the development concept, the site plan and the use plan for the program. It was explained at that time that the developer had determined that the cost for the project would be much more extensive, the scope of the project would be extensive and the increased cost was due primarily to substructure repairs and seismic improvements. The developer had concluded that because of these huge cost increases, the project was infeasible as a public/private partnership under the same terms that had been previously negotiated with Mills under the development memorandum. In that agreement, there was only private financing except for a rent credit of $1.2 million. That model did not work. The developer also concluded at that time that a project might be feasible as a public/private partnership but only if substantial public monies are invested in the project along with private funding that would come from the developer. To provide the developer and Port staff time to investigate various options and financial solutions involving public financing techniques, the executive director granted extensions of the benchmark deadlines for the developer to submit its proposal

and it was extended from July 1, 2006 to September 15, 2006. During that time period, both parties met extensively to negotiate and investigate financial solutions and come up with solutions that would utilize public financing and negotiate the financial terms. However, as of the date of the staff report was issued, we had not reached agreement on all these terms. The developer did not submit the items under Benchmarks 1, 2, 5 and 6 which are the proposed plan of development, the schedule, the trust consistency proposal and the regulatory approval strategy. The developer, however, is ready to submit these items and felt that it was in the best interest of both parties to defer submittal until all of the terms of the deal have been negotiated. Accordingly, there will not be an informational presentation today of the development plan or the financial proposal. However, when and if the parties reach agreement on the financial terms and the developer submits all of these items under the newly established deadlines, the developer will present the proposal, the development plan and the financial aspects to the Port Commission at its meeting of October 10, 2006. In summary, she asked Port Commission's approval to extend the term of the ENA from September 30 to October 31, 2006 and to approve the extension of the deadline for Benchmarks 1, 2, 5 & 6 to September 29, 2006; extend the deadline for the budget which is Benchmark #7 to October 1, 2006 and extend Benchmark #8 which is the letter of intent for the active recreation operator to September 16, 2006, not to October 3 as stated in the staff report and to approve the extension of the deadline for Benchmark #9 which is the Port endorsement resolution of the agreement to October 31, 2006 and to authorize the executive director to execute the first amendment document which would document all these deadlines.

ACTION: Commissioner Hardeman moved approval; Commissioner Hsu seconded the motion. Three of the Commissioners were in favor. Commissioner Lazarus recused from voting on this item. Resolution No. 06-64 was adopted.

B. Informational presentation by San Francisco Bay Area Rapid Transit (BART) regarding its Earthquake Safety/Seismic Retrofit Project at the Downtown Ferry Terminal Platform Area.

Kari Kilstrom, Planning and Development, indicated that BART has funding to construct certain seismic repairs to the San Francisco Tube between Oakland and San Francisco. Some of those facilities are located near the Ferry Building. The facilities underlie the BART platform which is right behind the Ferry Building and is the centerpiece for the Port's downtown ferry terminal The Port tenants and operations in this area include the World Trade Club (WTC), which sits directly above the BART transition structure, the Golden Gate ferry terminal, the Ferry Building with its office tenants on the 2nd and 3rd floors and the retail marketplace on the ground floor and CUESA Farmer's Market which sets up in the middle of Ferry Plaza directly above the tube on Saturdays. BART's original engineering concept included significant pile work. The construction of this project would have significantly affected the Golden Gate Ferry Terminal, WTC, ferry plaza and all of the tenants in this area in some way or another. Earlier this year, the Port and BART, engineering consultant Moffat & Nichol and all of these tenants were very focused on the notion of temporarily relocating the Golden Gate Terminal. This was originally believed to be a critical path item for BART's project so they could get complete access to the northern edge of the

platform for doing all of this work. In June 2006, BART suspended those discussions and further discussions of this particular concept in order to work more with their engineering team and pursue other alternatives that would not require the wholesale relocation of the ferry terminal. BART will provide the Port Commission with an update of the project particularly on the status of their engineering work.
Lynette Sweet, Vice President BART Board of Directors, indicated that the last time they were here, there were five commissioners. It's unfortunate that there are only four now because of the passing of Sue Bierman. She's not here just to introduce their project but to let the Port know that they would be remiss if they didn't express their sincere condolences for the passing of Commissioner Bierman. She presented a letter to Commissioner Lazarus from the BART Board of Directors to let them know how much they held Commissioner Bierman in esteem and they too adjourned one of their meetings in her honor.

BART has a lot going on right now and a lot of it is affecting the Port. They need to make sure that the Port thoroughly understands what it is they are doing. They come with their happy news. They have a different way of getting the work done, one that won't be so invasive, one that will allow the tenants to not feel as if BART came in and just run a train over everyone. She also thanked Kari. She has been working wonderfully with her staff. They are going to miss her and sorry to see her leave. She thanked the Port for allowing them to come back with an updated plan, one that would allow for people to be a little bit happier with the way BART is coming in. Tom Horton and Katherine Westfall will be making the presentation. The Commission should feel free to ask any questions. None of the work has started yet and there is always room to change.

Tom Horton thanked the Commission for hearing BART's presentation. They are hoping that this is good news. They have just received the draft of their preliminary report from their section designer. It is still preliminary and it is undergoing technical review at the moment. They believe that what they are going to show the Port is the upper bound of what they will likely do at the Port. They think that's important for the Port to know. They have done a lot of outreach over the past year. They have been working with the major tenants, not only WTC but other Ferry Building tenants as well as the Ferry Building Associates and the farmer's market and the Golden Gate Ferry Terminal. They've had a lot of interface with the folks out here and in the building. In addition to doing the outreach, they've also been conducting further technical studies. They've completed the environmental clearance for the project since they came to the Commission. The Section designer is now on board. He has gotten as far as a concept. There are going to be several options that they will show at this point. There will be soil investigations done in the plaza, around the building to further define the soil conditions. That is a large part of what has created this change in the retrofit situation. He showed an aerial photo of the plaza as a whole, the Ferry Building is on the left edge of the picture. The red portion is now the area that they expect to affect during the project. They are basically confining themselves to the eastern end of the plaza, the eastern half of their transition structure on either side of it. There are two concepts; one involves jet grouting, which is a series of jet grout points which create columns in the ground, beneath the bottom of the bay. The 3 foot diameter small columns are to be done under the overhang of the building. The larger

columns are going to be out on the deck on either side of the building on the east side. In addition to their earthquake safety project, they do have a security project pending which will require, in addition to this, some work around the west side of the building. It won't be nearly as expensive as what they had on their previous concept but he does not want the Port to think that they are just going to be just on the east side. There will be some security work on the west side. However, they expect that the impact both on the ferry terminal and the farmers' market will be far less than before. They do not expect to relocate the ferry terminal under any of the conditions they have right now. Most of the impact on the farmers market is the relocation of their parking. They have the truck parking on the east end of the plaza. They will be temporarily relocating that while they work.

The other concept involves array piles which are similar piles to what they had in the previous scheme, only fewer, effectively 25. They are essentially in the same areas where jet grouting will be in. This was the concept where they would be rotating the piles in as opposed to driving them to try to keep the noise and vibration down. Their decision between the two is still a little bit up in the air because it's not clear at the moment if you take everything into consideration including impact to the Port, cost, time and etc. It's not clear which one is the better choice at this time. They hope to make that decision within the next few weeks.

There will be no significant effect on the ferry terminal or the ferry passengers and not much impact to the farmer's market. There will continue to be some issues with the WTC and they will be working with them very closely. The impact on the Ferry Building is greatly reduced because they are now well away from the Ferry Building, not nearly as closed as they were before. In their old scheme, they expected to be out on the platform between 2 to 4 years. That was based partly on not knowing the exact hours of work that they might be able to use at the plaza. That is something that they will need to discuss with the Port and the tenants to make sure that they are working during the hours that will pose less impact to them. Assuming a normal single shift work period, they estimate that the jet grouting would take approximately 13 months or the array piles approximately 16 months, a significant reduction from the previous plan. The security project, because it has to go around the front of the building, may add a few months but they estimate 18 to 20 months total for the total project as it stands now. A couple of other retrofits that they are doing won't add anything to the impacts to the Port. There are some structural retrofits to the tube seismic joints inside the tubes. Those would be happening but you won't see them, they are down the water inside the tube. They also would like to put some grout seal around the tube on the outside in case the tube were to open up, they would be able to prevent leakage into the tube. They have several possible methods. Some of which may involve work on the deck. They will probably try to work that from inside the tube so they won't have any additional equipment on the deck.

Their next steps will be to continue coordination with the Port staff. They want to develop a comprehensive agreement and permitting scheme with the Port so they can proceed into construction with the proper agreements. They will continue meeting with the Port tenants. They do need to go back to the agencies that they talked to during the environmental process since there is a significant difference between this

plan and the plan they had before. They need to deal with them and talk to them in more detail. They continue to design and anticipate having final design around the middle of next year. The advance work would likely to be minor. At one time, they were talking about a large utility relocation advance program some time in the middle of 2007. Since they are not in the area where the major utilities are located, they don't expect to have to do that. Actual construction on the plaza is scheduled for early 2008. They will issue the contract, notice to proceed just before Christmas and not hit the ground end of the project until after New Year 2008.

Commissioner Hardeman thanked Mr. Horton for his presentation and commented that it was good to see that our tenants such as the farmer's market and the World Trade Club will not be affected as much as anticipated. He asked for more details about the difference between the jet grouting versus the array piling and the different time frames for each. Mr. Horton replied that the grouting process works faster than the piles. Although there are many more grout points, they can do several grout points in a day whereas a single 6-foot diameter pile can take an entire day to finish. Overall, it takes longer to put in the piles than the jet grouting.

Commissioner Hardeman asked about the noise difference between the two concepts. Mr. Horton replied that it's all equipment noise. Since they are rotating the piles and not driving them, there's not a lot of noise. On the other hand, the grouting does not do that either but all of the equipment have large engines on them and you'll hear noise from the engines. There will be some vibration introduced. The noise level is about equivalent between the two.

Commissioner Lazarus she asked if the 13 or 16 month duration is active construction or if it includes procuring materials, etc. Mr. Horton replied that it would be active construction.

Commissioner Hardeman asked about the financial impact on the tenants and the Port. The Port has been working diligently and there should be some agreement reached on how to reimburse the Port for lost time and for our tenants who have shut down their operation. The tenants have been wonderful. They should be guaranteed that they won't be impacted financially even though we know they are going to be. Regardless of how they would be reimbursed, he hopes that there will be a satisfactory arrangement with the tenants and the Port. It would be nice to have the Port reimbursed as soon as possible for the time that's been spent already. Mr. Horton replied that they do have pending reimbursement agreement with the Port which includes payment for prior program costs. That agreement is pending and they are trying to get it finalized so they can pay for the prior program costs and proceed forward with future program costs. They will conclude similar agreements with the affected tenants. They also have a fairly active insurance program for those kinds of insurance claims that might come up. They have several ways from a project point of view of helping the tenants through this.

Commissioner Lazarus indicated that Mr. Horton referenced in his oral presentation but not in the written presentation about the security work on the west side and sounded like there will not be any impact from it at all. Mr. Horton replied that there

will be an additional impact. They will have to go through the deck to install stuff beneath the deck in a sort of line around the perimeter of the building. Because it is not going next to the ferry building and it's confined around the transition structure, the impact to the ferry terminal and CUESA will be far less than what they had in the original plan. He didn't not want the Port to go away thinking that there is no impact on that side of the building because there will be some.

Commissioner Lazarus asked if this new plan will involve less staging than previously contemplated or will there still be a need for some sort of displacement in order to use the area for staging. Mr. Horton replied that the area that they are occupying on the east side, they are hoping to be able to do in one stage. There is some access that will affect WTC but most of their access is on the other side and the parking for the farmer's market, they will be able to provide replacement parking elsewhere for those trucks. They would expect to do it all in one stage instead of having to do a little bit at a time.

Commissioner Lazarus indicated that in his presentation there will be some criteria for deciding between those two alternatives. She asked about how they are going to rank the criteria. Mr. Horton replied that they don't have a ranking but the driving force will be the cost. The cost will be within their budget so it makes it a little easier. Environmental impact is going to be a big issue that's why they need to talk to the agencies. Relative impact on the surrounding area is another big issue. If there are going to be differences in impact for noise and vibration, they are going to consider that as well. The main issues are cost, impact to the local area, impact to the environment and schedule.

Commissioner Lazarus asked about the mitigation measures they are thinking of at this point so the Port can get an idea of what may occur. Mr. Horton replied that noise barriers are the most common thing they can do. They can put up barriers around the equipment to try and shield the noise from the area. They've discussed various ways of doing that with the tenants including putting something closer to the building versus right around the equipment. Vibration is a little more difficult because it's transmitted through the deck. It's harder to deal with that. If people are unable to operate during the times that they are doing high vibration kinds of operation, they may have to do some kind of reimbursement. They are more concerned with the environmental impacts with the jet grouting process. The big concern is that the grout will migrate back up into the bay which is clearly something they don't want to happen. They believe that there are technical ways to control that and shield the work. If it comes up, they can pump it out. They haven't reached the end of that discussion. They need to talk to the agencies in particular about what kinds of controls they want them to put on that work in order to control that problem.

Commissioner Lazarus indicated that in his presentation, they still need to work with WTC on construction mitigations but she assumed that they will be talking to everybody around the area because you can't shield tenants here from what's going to happen over there. Mr. Horton replied that because they are so much farther away, they are hoping that it won't nearly be as much a problem. They are certainly not abandoning the rest of the tenants. They think that the WTC is the one that they need

to work with the most. For example, work hours may become an issue for some of the tenants even in the Ferry Building because of some of the things that they do there. They definitely need to talk to the other tenants as well.

Commissioner Lazarus asked about the mechanism or agreement that will allow for all of these to finally proceed. Mr. Horton replied that BART and the Port already have a Joint Powers Agreement that dates back to the time that BART was first built. They are discussing whether to put an amendment to that agreement or create an entirely new comprehensive agreement that would be subject to the Port Commission's approval as well as the BART Board and that would be the mechanism they will use to interface.

Commissioner Hardeman indicated that the MUNI turnaround was quite a project too and it was successful. The tenants in this neighborhood had to live through that and they had to live through the freeway coming down, the streetcar tracks and the remodeling of the Ferry Building. He hopes that they have a great explanation when they talk to the Port tenants because they blame the Port. It would behoove BART to talk to a few of the folks that live around here and explain as best as they can why this project wasn't done when the Ferry Building was being remodeled and help our tenants other than go through many years of destruction. Mr. Horton replied they will work with all affected parties.

Todd Robinette, Equity Office, indicated that they are a tenant of the Port and the landlord of the tenants of the Ferry Building. Equity office strongly believes that the BART retrofit should not inconvenience or disadvantage any of their tenants at the Ferry Building. In that regard, they are very encouraged by the report they just heard. They believe that BART should continue to be aggressive in designing and scheduling the retrofit in a manner that does not inconvenience or disadvantage any of their tenants. They also believe that BART should address concerns that may be raised by particular tenants and it should actively continue to work to mitigate any negative effects of the retrofit.

Doug Biederbeck, Market Bar Restaurant, was curious if BART has contacted, since this is the first he's heard about any west side work, any of the west side tenants including the farmer's market that is there on Tuesdays and Saturdays for the security work. He has not heard about it before as a merchant or a tenant.

Mr. Horton replied that when he referred to the west side, he meant the west side of their transition structures. It is on the ferry plaza but around the transition structure. It's not over the Ferry Building. The reason they haven't talked about much of the security project up to now is because they didn't know much about it. They want to coordinate that work with the earthquake safety project. Until they know what is happening with earthquake safety, they couldn't define the boundaries of the security project. That is the still the case today. They don't have a lot of details on it. In previous plan where they had all the work going on, the security project was going to be subsumed under the work that they are already doing. Now that they have reduced the earthquake safety program so much, he wanted to make people aware that the security project is kind of popping where it wouldn't have been at all visible before.

Kari Kilstrom concurred with Lynette Sweet's comments that this is a relief in so many ways because they have been working with a concept that was so much more invasive than what they are talking about now. There are unsung heroes, the geotechnical consultants that have been working away over the summer to develop an analysis that has led to this revised approach. Clearly, the discussion shows that there is so much sensitivity in this area that has become so active and so public with so many commercial activities going on. There's great sensitivity to the construction impacts that will come with this project. Tom Horton evidenced in his responses that BART has done a lot of talking to the tenants. They understand a lot about these impacts. The Port staff has spent a lot of time this past year with BART staff focused on their original engineering concept. The Port would ask and expect that BART would continue to work with staff intensely on this concept. Looking at the impacts and creative ways to mitigate those impacts whether it would be through creative scheduling of work shifts or other kinds of measures that can really ease the burden of this important project on the tenants and the activities in this area. In particular, the Port would like BART to work closely with the Port's Chief Harbor Engineer on the differences between the soil jet grouting and array piles so that we could be a part of that analysis and help to weigh in on particularly the impacts above the deck of either one of those approaches. We hope to bring to the Commission further updates in the future.

Commissioner Lazarus hopes that the Port is actively involved in those discussions because she's sure that Port staff has something to offer on those discussions. She thanked Kari and wished her luck.

Commissioner Hardeman thanked BART Board member Lynette Sweet for her presentation.

C. Request for approval of Fourth Amendment to the Agreement between the Port of San Francisco, the Municipal Transportation Agency, and CBS Outdoor, Inc., regarding the placement of commercial and noncommercial transit shelters in San Francisco, including locations on the Embarcadero between Folsom and Townsend Streets. (Resolution No. 06-65)

Dan Hodapp, Planning and Development, indicated that the Municipal Transportation Agency has an agreement dating back to 1987 which is now held with CBS Outdoor Inc. to provide and maintain transit shelters throughout the City. The Port Commission adopted Resolution No. 96-61 in 1996, authorizing the Port staff to enter into the third amendment to the agreement to the Muni Metro Extension (MMX Line) and the F-Line along the Embarcadero. The most notable provisions of this existing agreement are that the Port permits MTA to erect City owned transit shelters on the MMX and F-Line for as long as needed by the city for public transit purposes subject to the Port's approval. The Port grants to the contractor the right to erect and maintain advertising transit shelters on Port property, subject to the Port's prior approval. The Port Commission has sole discretion to approve design and location for transit shelters on Port property, provided that the Port Commission will take into consideration the MTA's determination of those locations that provide the greatest convenience for transit patrons.

Recently, the MTA has requested a fourth amendment to the agreement to include four 28 platforms on Third Street and eight additional transit platforms along the Embarcadero and King Streets, including four on Port property to serve historic streetcars that will travel south of Market Street to Fourth Street. The F-Line cars would not only go to Fisherman's Wharf but they could travel down to the ballpark. This new extended service will be known as the E-Line which will operate from Fisherman's Wharf to 4th and King Streets and will start in the future when MTA has additional double-ended historic streetcars and operational funding available.

Currently there are two MMX streetcar boarding platforms on Port property on the South Embarcadero. In May 2005, MTA completed the construction of ADA-accessible low-level boarding platforms adjacent to the MMX streetcar platforms on the Embarcadero at Folsom Street and south of Brannan Street to accommodate MTA's plans to run historic streetcars as the future E-Line. At the MMX station stops, both northbound and southbound streetcars share a single center-boarding platform. For the E-Line, two shelters will be installed per station stop because the historic streetcars are side-boarding as opposed to center boarding. MTA and CBS Outdoor, Inc. are proposing to install at each E-Line low-level platform shelter and an associated advertising panel and/or kiosk. As per the agreement, revenue from the advertising is the basis for installation and maintenance of the platforms and shelters. The Port does not share in any revenue or incur any costs as a result of additional transit stops.

The Waterfront Design Advisory Committee (WDAC) reviewed the proposed design for the shelters and advertising panels and kiosks on August 22, 2005 and recommended approval of the proposed shelter and included direction to CBS Outdoor Inc. to further match finishes with the existing shelters and to limit the height of ad panels and also made some selection as to the type of advertising panels used.

MTA staff, Port staff and CBS Outdoor, Inc. have negotiated the terms of the proposed Fourth Agreement to the existing agreement to allow shelters and advertising.

Kirsten Magary, MTA Senior Property Manager, briefed the Commission about the proposed amendment #4 for the advertising transit shelter agreement. She showed the Commission display boards to show the designs and the proposed E-Line shelters on the Embarcadero and King Streets. The original transit shelter agreement was approved in June 1987. The first amendment was to provide shelters and accompanying kiosks on lower Market Street. The second amendment was in 1994 and it was for the high level boarding platform on 19th Avenue at Stonestown and allowed kiosks on upper Market Street in conjunction with the shelters on the median boarding islands. The third amendment in 1997 which was described earlier was to increase the maximum number of shelters allowed under the agreement from 1000 to 1250 provided for the Contractor to contribute financially to the construction of the F-Line and the MMX platforms on the Embarcadero and extended the contract until June 2007. The contractor also eliminated all tobacco advertising in the shelters. The fourth amendment allows the contractor to advertise on 28 new Third Street platforms which MTA constructed in exchange for maintaining those 28 platforms, for the contractor to design and install 8 shelters on the future low level E-Line shelters on the

Embarcadero and King Streets with advertising in six of the 8 new shelters for the E-Line to provide more specific reports of its maintenance and repair of the approximately 1129 shelters and kiosks, to abide by the MTA's advertising policy to the extent that it does not impair any current contract obligations e.g. CBS Outdoor will have limited rights to alcohol advertising. For instance, 10% of the available ad faces on the Embarcadero and the next platform in the F-Line boarding platforms. The fourth amendment also extends the agreement for a six-month period to December 9, 2007 to allow the city to complete a solicitation for a new shelter contractor. She showed some of the pictures they have shown to WDAC and to the Rincon Point South Beach CAC. MTA is also preparing an RFP and draft contract for the transit shelters and kiosks for the future. This has not been done since 1987. As a note, MTA currently has 26 historic streetcars in service for the F-Line and 5 active historic streetcar capital projects to increase the fleet from 26 to 52 in service. The proposed E-Line service will open from Fisherman's Wharf to 4th and King Streets and Mission Bay when MTA has enough double-ended street cars and operating funds to run the service both the F-Line and the E-Line. It will probably not be open for the E-Line until after the Amendment #4 in December 2007.

Commissioner Lazarus indicated that the City Attorney has made a slight amendment and has asked her to read the Resolved clause. Resolved, that the San Francisco Port Commission hereby authorizes the Port's Executive Director to enter into amendment #4 of the advertising transit shelter agreement between the Port of San Francisco, the City and County of San Francisco, through its Municipal Transportation Agency and CBS Outdoor, Inc. to place advertising and transit stops along the Embarcadero in exchange for the provision and maintenance of transit shelters and boarding areas on Port property between Folsom and Townsend Streets upon approval of Amendment #4 by the Board of Supervisors.

Ernestine Weiss asked if the seating will be the same as the seating along the F-Line and the N-Judah. Ms. Magary replied that the two-person capacity bench has ergonomic shape, plastic seats with three brushed stainless steel armrests. The bench is anchored to the concrete pad with anchors hidden inside of the oval- shape-form aluminum base. There will be seats for a two-person capacity bench at each shelter.

Commissioner Brandon asked when the shelters will be built. Ms. Magary replied that MTA has five capital projects to increase the size of the historic fleet. They need double-ended streetcars to go down and be able to turnaround and loop back. There is no loop so they need the double-ended car in order to operate this service. They are working on those capital projects now. The E-Line shelters, even though the platforms are built, will probably be built after Amendment #4 ends in December 2007 but the design concepts would go into the next contract. Whoever receives the next contract through an RFP will design what the Port Commission will be approving.

Commissioner Brandon indicated that the shelters will not be built until MTA receives the funding to extend the E-Line which will probably be in 2008 or 2009. Ms. Magary concurred.

ACTION: Commissioner Brandon moved approval; Commissioner Hsu seconded the motion. Three of the Commissioners were in favor. Commissioner Hardeman recused from voting on this item because his members build and maintain the bus shelters. Resolution No. 06-65 was adopted.

D. Request approval of California Environmental Quality Act (CEQA) Findings for the Wharf J-10 and Fishery Building Demolition Project. (Resolution No. 06-66)

Diane Oshima, Planning and Development, indicated that staff is seeking Port Commission's consideration of all of the information contained in the Final EIR. The CEQA Findings include the contents of the EIR that are germane for the Commission to review before they would consider taking action on the proposed demolition project. There is a description of the project. The EIR did cover four different phases of work that went beyond what the proposed demolition plan is. The findings provided clear definitions as to what the Port Commission is approving now versus future construction either by the tenants or the Port if that were the case at some point in the future which is not going to be considered as part of the demolition project. The findings also go through the impact analysis that was contained and identify the mitigation measures that are included as part of the demolition project that would be before the Commission for approval, reciting each of those. Where there are modifications to some of those mitigation measures, they are explained in the findings package and all of the mitigation measures as they are proposed to be included in the demolition project attached in Exhibits 1 and 2 of the findings documents. It explains the mitigation measures and how they would be implemented and by whom. The findings then go on to talk about the significant impacts associated with the project which in this case is the unavoidable significant environmental impact of losing historic resources in the Wharf J-10 facility and a review of the historic preservation alternatives that are contained within the EIR to make sure that the Commission have fully considered those before rejecting them. The historic preservation alternative was a subject of a public hearing at the last Port Commission meeting. The findings conclude with a review of the overriding considerations before the Port Commission that it would adopt to opt for approving the demolition project for J-10 that outweigh the significant impacts associated with losing that historic resource. The overriding consideration is clear. The public safety in this deteriorated facility has been first and foremost in our minds so abating that hazard as quickly as possible is the number one reason. Of all the alternatives that have been identified, this is the only one that the Port has the money set aside for that could be implemented quickly. Aside from the public hazard, if there were a collapse of that facility, there would also be biological and water quality kind of impacts that would ensue which is another reason that is cited in the findings for why we would opt for the demolition proposal. We have been finding difficulties in trying to secure that building to keep vagrants from entering the building illegally. Thus the removal of that facility is to remove the risk of any further injury by illegal entry. Finally, the capital plan situation is not such that any of the other alternatives could easily be funded given the limited resources available. She encouraged the Commission to consider the resolution.

ACTION: Commissioner Brandon moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; Resolution No. 06-66 was adopted.

6. ENGINEERING

A. Request authorization to Advertise for and Accept Competitive Bids for the Wharf J-10 and Fishery Building Demolition Project, Contract No. 2708. (Resolution No. 06-67)

Joe Roger, Project Engineer, indicated that at the last Commission meeting, Port staff presented the findings of the project environmental impact report. The Port Commission just approved the project CEQA findings. Today, staff is requesting authorization to advertise for and accept competitive bids for the Wharf J-10 and Fishery Building Demolition Project. The Wharf J-10 and Fishery Building must be demolished to abate the hazards onsite as well as the public safety hazards in Fish Alley and the vicinity. The project contract documents have addressed the mitigation measures noted in the EIR. Port staff have met with the tenants and addressed their concerns in the contract documents. Port staff presented this project to Fisherman's Wharf Waterfront Advisory Group (FWWAG) on August 15, 2006. FWWAG's main concern was that soil testing must occur before soil excavation commences. This requirement has been added on the contract documents. Staff have also recently conducted individual interviews will all seven tenants, whose tenancies are adjacent to or nearby the project including the following: SFO Forecast, Arthur Hoppe, California Shellfish, GP Resources, SP Tarantino Insurance Brokerage and Coast Marine, Capurro's Restaurant nad F. Alioto. All the contract documents have addressed all of their concerns. After the contract is awarded, the Contractor will develop detailed work plans and the Port will review and approve these submittals. These submittals will also be presented to the Fisherman's Wharf community to inform them of the detailed construction methods and schedule and to solicit comments.

The engineering cost estimate, including a standard contingency, for this project is $1.45 million. The project will be funded by two Port Capital Projects: CPO 741 Pier Repair Project and CPO 730 Fisherman's Wharf J-10. The bid advertisement is scheduled on September 29, the bid opening will be held on October 27, 2006 and the final completion of the project will be in June 2007.

ACTION: Commissioner Brandon moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; Resolution No. 06-67 was adopted.

B. Quarterly Project Update for the Illinois Street Intermodal Bridge Project.

Kim von Blohn, Project Manager, indicated that this project is under construction. The construction is taking place in two places. The first phase is with Shimmick Construction under Contract 2680. This work is 90% complete. The work on the first phase is the bridge itself, the bascule section, the north approach and the spur going out to Pier 80. The second phase will be for the south approach which is funded with

federal funds. We have just gone out to bid on that project because of delays with Caltrans in approving the funding. He showed a picture with a view of Illinois Street looking from the Third Street Bridge. One of the design premises of this project is to create low impact on the Islais Creek. The bridge is complete to the extent that you can walk across it with safety shoes and hard hat. He showed a picture with a view looking from the top of the control room towards the south. Some of the barriers in the southern part are in place. The decking is on the bridge. Some of the barriers on the side are on. He showed another picture with a view from the control room looking west, with Third Street on the background. The large steel beams on the left are the attachment points for the hydraulic pistons. Shortly those will be attached to the steel struts which are used for pushing and pulling the bridge to the upright position. Another picture shows a view from the control room looking north, with the hydraulic cylinders in place. The track is going north up onto the Illinois Street, also turning to the right onto Pier 80. Some of the rail installation has not changed much in a hundred years. The control building houses the hydraulics and the train control systems. This building is about 90% complete. Most of the work to be finished includes the installation of the electrical and hydraulic equipment. He showed a picture of the hydraulic equipment, the pumps and storage units for circulating the hydraulics to the cylinders which under pressure raises and lowers the bridge. He showed a picture of Illinois Street and the Spencer building. They did a lot of work with Spencer and his tenants to reach a good compromise on street drainage. They've put planter boxes to improve the environmental quality and the greening along the street. There are new light poles and planter boxes installed. Some of the track ties in from Illinois Street onto the new bridge approach. There are few issues with this project. There were some delays in construction due to unforeseen buried utilities in the Pier 80 spur. Some of the utilities weren't indicated on the Port utility drawings. It took them a while to sort out who owned what, what they were, who is responsible and how to mitigate the concerns. Another issue is the PG&E installation of the power. We are getting 480 power for the hydraulic system and 120 for general utilities. This is taking a long time to get. It's still not in place. We will be testing the hydraulic system with temporary power if need be. Because of the late start of the project, some of the south approach instrumentation would not be able to get tied in to the control system installed by the first contractor. These are some of the railroad controls, street crossing controls that integrate into the control system. They are negotiating with Shimmick to finish the work that they have by the end of the year and come back in the spring once the south approach contractor is finished to tie the whole control system together so it integrates the work safely. The south approach is now driving the contract. Port staff was ready to bid this in March. However, late funding, Caltrans approval of the project delayed it until September. Some of the issues were Caltrans did not accept Coast Guard's environmental statement. They needed time to review it. By the time that got reviewed, Caltrans had a new DBE program and once that was integrated into our contract bid documents, they still needed more approval time. That left us from March to September until we could bid. This contract is now out to bid and hopefully, at the October 24 meeting, we will ask for Commission's approval. Project funding for the south approach is more than adequate. We estimate $3.3 million to build it and we have $4.2 million.

Commissioner Hardeman asked how bad was the delay from March to now, was it 5% more in cost or is there any way to measure it. Mr. von Blohn replied it's speculative what the cost impact is.

C. Request authorization to Execute a Contract Modification to the Illinois Street Intermodal Bridge Contract No. 2680 with Shimmick Construction Company, Inc. to Extend the Contract Substantial Completion Date. (Resolution No. 06-68)

Kim von Blohn, Project Manager, indicated that during excavation for the railroad spur to Pier 80, the contractor uncovered utilities, some of which were different from those shown on the Port's utility drawings. These utilities include gas lines, water lines, phone cables and electrical cables. Once they excavated, they had to determine what the unforeseen utilities were, who owned them, and how they will mitigate the problem. This caused some considerable work. They have now identified the utilities and provided sleeves where required. However, this has caused the project considerable time. In order to mitigate, staff is asking for a 60- day extension on substantial completion from mid-September to November 14, 2006. The final completion which is December 31, 2006 for Shimmick contract will not be extended at this time. We will be asking them to come back in the spring to finish the control system work once the south contractor is complete. We have sufficient contingency funding for this utility work. We haven't negotiated the final price but we expect it to be well under our existing contingency of $208,000. He asked the Commission for a 60-day schedule extension. At this time, the substantial completion, we are asking the contractor to demonstrate that the bridge raises and lowers under its own hydraulic power. The power to the system may be either through PG&E or temporary power generator.

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 06-68 was adopted.

7. MARITIME

A. Informational Presentation on Fiscal Impacts of Port Managed Ferry Terminals.

Peter Dailey, Deputy Director of Maritime, presented an analysis that Port staff did regarding how much it would cost to manage, operate and secure the Port ferry facilities. Since 1892, the Ferry Building has been the central terminus for water transit in Northern California. In the 20s and 30s, upwards of 50 million passengers a year crossed through from the Ferry Building each day to board ferryboats. In 2006, the Ferry Building is still the central terminus for water transit in San Francisco bay. Its role is going to continue to grow as time goes on as the need for other modes other than automobile traffic to provide transportation to and from San Francisco grows. The Port operates two at Gates B & E at the Ferry Building and one at the China Basin facility at the ballpark. The facility right outside the Ferry Building is operated by the Golden Gate Ferry District. They have a long-term lease with the Port. We derived virtually no revenue but we have no responsibility for maintenance or security; hence no liability. Golden Gate Bridge District operates about 1.5 million passengers a year

through that facility. Gates B & E and China Basin facilities handle about 1.5 million passengers each year, making the Port of San Francisco, California's leading passenger port. A lot has happened with water transit in recent years. The Water Transit Authority is a regional agency authorized by the State to operate a comprehensive water transit system. Through the Regional Measure 2 in 2004, the WTA has obtained capital funds for use towards the planning and expansion of ferry facilities in San Francisco Bay. In the meantime, Port staff decided to take a closer look at our cost and revenues from the operation of our facilities.

In 1999, the Port Commission secured $16 million in grants and combined with Port capital funds, planned and built a new Downtown Ferry Terminal which includes Gates B and E and the Pier 14 breakwater and public pier. Gates B & E each provide a two-berth float and currently serve ferry routes to Vallejo, Tiburon, Oakland/Alameda and Harbor Bay Island.

In 2000, the Port opened the new ferry terminal at China Basin adjacent to the new Giants ballpark. The main project elements included a two-berth passenger terminal with accessible gangways, floating platforms, entry gates, signage and utilities. Construction of the project was funded from $2 million grant from the Federal Transit Administration and $876,000 of Port Capital Funds. The facility is now only open during the baseball season and for certain special events.

The Port maintains and provides security for both the Downtown Ferry Terminal and the China Basin ferry terminal. Security costs have gone up in recent years. The Transportation Administration facility protocols are expensive and as MARSEC security levels go up, those costs increase greatly.

The data included in the staff report illustrates that maintaining, securing and operating the ferry facilities at the Downtown Ferry Terminal costs approximately $200,000 per year. In order to recover this subsidy, the Port would need to charge an additional $0.14 per passenger. For the past three years, the Port's subsidy for the China Basin Ferry Terminal is approximately $55,000 per year. In order to recoup this subsidy, the Port would have to charge an additional per passenger fee of $0.43. Passenger fees have not been increased at the Port since 1993. There was no CPI built into the original model. Our analysis has not included costs associated with repairing design flaws at the China Basin Ferry floats. It doesn't contain any depreciation expense since the facilities were funded primarily by non-port funds. Staff did not include any monies for deferred maintenance or repair. The 10-year Capital Plan shows an approximately $25,000 per year cost allocation per ferry berthing facility to cover items such as float and gangway maintenance, gangway resurfacing/painting, awning replacement. Allocating this expense over the next ten years could mean an additional $0.04 increase for the Downtown Ferry Terminal passengers and $0.40 per passenger increase for the China Basin Ferry Terminal.

Those costs would cover Port expenses and deferred maintenance. Staff has commenced discussions with various entities involved in ferry transit in Northern California. Staff met with WTA, ferry operators and the SF Giants to discuss this data that is being presented to the Commission. Our goal is to either update the Port's

pricing mechanism to capture our operating expenses as well as any future maintenance needs or possibly join or look for some operating grants or subsidies from Federal or State monies that might be available to help the Port offset these costs. Staff will meet in the next several months to come up with a plan. Staff intends to come back to the Port Commission in February 2007 with some recommendations on how we could possibly remedy these deficits.

Commissioner Lazarus asked if it were ever envisioned that the China Basin site would become a commuter site for Mission Bay. Mr. Dailey replied that it was. Initially with the Mission Bay development, China Basin could be utilized for commuters as the neighborhood develops. That is a possibility going forward but it's taking longer than everybody anticipated.

Commissioner Hardeman indicated that the Port is not responsible for bay area transportation. Grants would be the preferred alternative to remedy the situation and to keep the costs down for passengers. Sometimes raising fares would keep ridership down. For example, when he was with PUC and Muni was part of PUC, they had 750,000 passengers. Today there are 618,000 passengers a day. Something is wrong. There should be more ridership, not less. Anything that staff can do to get grants to cover costs would be the best scenario. When Mission Bay comes through, it will encourage people to take a lower cost transportation that would be faster.

Mr. Dailey replied that public transit cures a lot of problems and it should be encouraged at all costs. There might be other scenarios in the discussions that they can investigate. For example, the scenario with Golden Gate for years, we thought it was a bad deal for the Port. We gave the property, they built the facility and we didn't earn any income. Once we did the analysis, we realized that we actually are shielding ourselves from a liability. The WTA will play a huge role in the ferry transit in SF Bay. There might be a relationship between the Port and WTA going forward that will be presented to the Port commission as an option similar that of Golden Gate and the Port now. By all means, we want to persuade people to take water transit as opposed to put them back into their automobiles.

8. FINANCE & ADMINISTRATION

A. Informational Presentation regarding As-Needed Professional Services Contracts – 4th Quarter Report for Fiscal Year 2005/06.

Norma Nelson, Contract Manager, indicated that this is the 4th quarterly report that has been submitted to the Port Commission this year. The previous three reports were submitted as an attachment to the Commission's package. This is the first formal presentation on the as-needed contracts. This report is necessitated by: (1) the Port Commission's action when it approved the as-needed contract but also in accordance with SF Administrative Code Section 6.64 which specifically stated that as-needed contracts are to be reported to the Board of Supervisors on a quarterly basis and specifically it is to include information concerning the utilization of minority and women-owned business enterprises and the use of the as-needed contracts. The activity related to as-needed contracts includes two existing contracts that were

awarded in 2003. Those two contracts are: Parsons Brinkerhoff Quade and Douglas (PB) and Moffat & Nichol (MN) Engineers. Those two contracts expire December 31, 2006 based upon an extension that the Port Commission granted in May 2006. Those two contracts were originally awarded at a not-to-exceed amount of $1.1 million each. Subsequently, the Commission authorized an increase in the contracting capacity to PB to a maximum of $1.2 million. Since then, given the fact that those two contracts were expiring, the Port staff has been coming to the Commission to replace those expiring contracts through the issuance of three pools of contracts. Those pools of contracts include: Architectural and Engineering Professional Services. We have a pool of two contracts that the Commission authorized to award. The As-Needed Environmental Consulting Services have a pool of three firms that the Commission authorized contract award. Also, the Commission authorized staff to advertise solicitations for as-needed construction support services. That particular contract is currently being advertised with responses to that solicitation due on October 2, 2006. Staff anticipates coming back to the Commission requesting authorization to award those two contracts on October 24, 2006. Some of the benefits of converting the two old contracts to a new pool of contracts include the ability for the Port to have a direct contractual relationship with specialized disciplines where it is preferable for the owner's interest to be preserved in those contracting situation. It is afforded an opportunity for more DBE to participate on Port contracts at a direct contractual relationship with the Port and also increase the amount of disadvantaged business participation on Port contracts. This is particularly illustrated with the two sets of contracts that the Port had already approved. Winzler and Kelly and Tom Elliot, one of the A&E as-needed contracts, include a Joint Venture (JV) with a DBE. The other two JVs we currently have are on the environmental as-needed contracts that includes Treadwell and Rollo with a JV with Hydroconsult Engineers as a DBE. We also have URS and Avila JV that includes a DBE as well. Other as-needed contracts that have been awarded that are not construction related but planning related include the Real Estate Economics As-Needed contracts. There are four firms that are in that pool. They include Economic Planning Systems, Keyser Marston Associates, CB Richard Ellis Consulting and Bay Area Economics. One of the things that we did with the new contracts was to recommend and the Port Commission approved changing the dollar threshold of which contract service orders could be issued under those contracts from $75,000 to $200,000.

Ms. Nelson noted that with the new as-needed contracts, those contracts were issued under a DBE program which differs from the PB and MN contracts which were awarded under the City's MBE. That program was basically terminated in 2004 based upon a court injunction. Mayor Newsom also signed a new ordinance that went into effect September 1, 2006 that would create a LBE and non-discrimination in contracting program. That particular program does not apply to any of the as-needed contract that we have now because all of our contracts were either advertised or awarded prior to that particular new ordinance coming into effect. As these contracts expire, they will fall under the LBE Ordinance which includes a non discrimination in contracting. One of the key differences between that program and the others is that the LBE program is a race-neutral program. Although the DBE program was a race-neutral program also, this particular LBE erases race-neutral program but it includes some components that allow the City to be able to create other opportunities for the

most economically disadvantaged businesses and that it includes programs to assist micro businesses. Whereas other efforts have been focused on small businesses. Micro businesses are those businesses that fall below the radar in terms of their ability to be able to tap into these types of contracting opportunities. They've also included a component that allows non-profit organizations to compete for City contracts. In addition, there are other categories, certification that they have added. The non discrimination in contracting component which historically a firm did not meet HRC goals, they would have to provide good faith effort documentation that they did not meet the goals. In this instance, they would have to also prove that they were not engaged in discrimination in their contracting activities. It might require a bit more effort on their part and the consequences of a possible HRC review and investigation of their contracting activities as well.

At this time, she has to report on the old contracts because the activity for the newer contracts is still pending. There is a list of projects that is anticipated for the upcoming quarter. During the next report, there will be more activities involving the new contracts. The 4th Quarter report includes the activity relating to PB and MN Engineers. The overall goal for the participation on these contracts was a combined goal of 24% which is 16% for the MBE and 8% for the WBE. All of the participation for MBEs has been with the PB contract. There has not been any participation of MN in utilizing MBE as of this report. Port staff recognized that this is a deficiency in the contract work that has been awarded to MN. With the existing project that MN is engaged in, there is $45,000 participation on the Drydock #1 project. It's not reflective in this report but it will be in the upcoming report. Recognizing that the utilization goals have not been met, staff has taken every effort to do all it can given the fact that they are near the end of their contract to include as much as MBE, WBE participation.

Local 21 and DPW requested that the Port include in its quarterly reports the following: contracting activity for the previous quarter, anticipated contracting activity for the upcoming quarter, estimated staffing numbers and projects related to the as-needed contract services. One of the requirements in awarding these types of contracts is to have Civil Service approval for the Port to contract out these services. We regularly communicate with Local 21 and other departments who might have staff who can perform the types of work that we are contracting out. We send notices to other departments asking them if they can perform this work before we even offer it to the consultants. Local 21 is interested in the levels of employment for their employees and how that might impact our contracting out services.

Commissioner Brandon asked for clarification on the difference between the DBE and the LBE programs. Ms. Nelson replied that we don't have to worry about the LBE right now because it's the new program that came into effect. Commissioner Brandon asked Ms. Nelson to let the Commission know about it before any new contracts are processed. Ms. Nelson indicated that we are under the DBE program which replaced the minority women business program which was in place prior to July 2004. The PB and MN contracts were awarded under that MBE/WBE program. Once the court injunction was put into place prohibiting the Port from further utilizing the race conscious MBE/WBE program, we were allowed to keep those contracts that we

already have. Any procurements that were in progress at the time, we were allowed to keep the MBE/WBE component in those contracts as well.

Commissioner Brandon indicated that the new contracts that we have are under DBE. Ms. Nelson replied affirmatively and added that any contracts issued after July 2004 had to fall under the interim DBE program. When the court injunction was put into place prohibiting us from using a race conscious program, we had to go to a race neutral program. The DBE program represented the emergency ordinance to implement a race neutral program pending the City doing some studies and more legwork to develop a more permanent program. A DBE program is a program where we are providing incentive credits, rating discounts and bid discounts to firms that are economically disadvantaged depending upon their type of business. For instance, if they are in the construction business, they are considered economically disadvantaged if their gross receipts over a three-year period do not exceed $10 million, which was the threshold at that time. For professional services, there's another dollar threshold that determines they are economically disadvantaged based upon their annual gross receipts.

Commissioner Brandon asked if the prime contractor has a certain percentage of DBEs that they have to use or is there a goal. Ms. Nelson replied that with the DBE program, it occurs at two levels. There are incentive credits or bonus rating points during the selection process that are afforded to DBE businesses who are competing at a prime level i.e. they are responding to a solicitation that we issued and we will be entering into a direct contractual relationship with them. In addition to the prime contracting level, there is a subcontracting level. There are DBE subconsulting goals that are also applied to each of those contracts which means that the prime consultant whether they are DBE or not, they have to meet the DBE goals. Whatever those goals are, that's what they have to apply.

Commissioner Brandon asked if we are tracking the companies that we are working (MBE, WBE, DBE or LBE) and if they are achieving the established goals. She asked what happens if they don't comply or achieve those goals. Ms. Nelson replied that we are tracking the goals. The HRC specifically requires that we include contracting information in their diversity tracking database. HRC has not reported on that activity using the interim program. It is anticipated that there will be reports made to the Board of Supervisors as well to the departments like the Port once the LBE program is in place. In addition to that, Port staff also maintains a database of the as-needed contract activity and with each contract service order that is issued under the master contract, the consultant may have to meet a goal. There are some instances in which the services might be of such a highly specialized nature where there are no subcontracting opportunities.

Commissioner Brandon indicated that they would know that before they bid on a contract. That shouldn't be a part of their not being able to achieve their goal. Ms. Nelson replied that with the as-needed contracts, they are basically assigned work as it is identified. We don't' really know upfront what the specific nature of all of the work that is going to be. The work is identified as needed. For instance, with the PB contract, the majority of the work that has been awarded under their master contract

has been related to the Illinois Street Bridge project. There was over $600,000 worth of work where there was no subcontracting or no DBE participation because of the nature of the work. They were providing us with design review, design oversight and construction administrative support services.

Commissioner Brandon asked if there are no MBE/WBE companies that could provide that type of work. Ms. Nelson replied that they had one person assigned to the project.

Commissioner Brandon indicated that she is more focused on achieving the goals and how we are tracking them and how certain companies are bidding for contracts with those goals and getting discounts for saying they are going to use those goals but don't. She asked how staff is tracking their activities and what happens to the companies that continue to bid but yet aren't meeting those goals. Ms. Nelson replied that we are encouraging the two master agreements with PB and MN to use the DBE firms.

Commissioner Brandon indicated that we are at the end of the contract and we can no longer do that. For future reference, what is the Port doing to track the companies that we are working with that aren't complying with the goals. We may need to come up with a tracking system for the Port. She does not know if the Board or Local 21 would like the information but as a Commissioner she would like to see that we are working with companies that aren't bidding based on what we want to see versus what they are actually doing.

Ms. Nelson replied that the PB and MN contracts are pretty much done. Commissioner Brandon indicated that for the MBE the goals were 16% per contract but yet they are lumped together and they are just meeting 7.25%; whereas if they're at 16% each, it should be 32%. Ms. Nelson replied that their overall goal was 24% if you lump them together. The MBE participation was 16% and the WBE participation was 8%.

Ms. Moyer indicated that it is 16% for each category. Therefore, it is 16% for MBE and 8% for WBE individually which should amount to 24%. Commissioner Brandon indicated that they're only at 7.25% which means they are not meeting the goal and the contract is almost over.

Legal Counsel Robert Bryan indicated that under the old program if the goals are set and the contractor couldn't meet the goal, they are supposed to provide evidence of their good faith efforts to meet the goal and then the City will decide whether or not it was acceptable that they weren't meeting the goals. They should either be meeting the goals or submitting evidence of good faith efforts to meet the goals.

Ms. Nelson replied that a HRC Contract Compliance Officer is assigned to the Port to help enforce these requirements.

Ms. Moyer indicated that what happened with PB was that they were on the as-needed pool for three years initially and then once they were assigned the oversight work for the Illinois Street Bridge, the dollars and time changed the equation of participation. They were doing better on meeting the goal before that contract was assigned to them.

That contract skewed their overall percentage because there was no joint venture (JV) assigned on that particular contract. She does not know if that was particularly reflective of all that we do. For example, when we had the contracts for the bonds that was 100%. Commissioner Brandon asked if the MBE goal is per contract. Ms. Moyer replied that it is per contract in different fields. The distinction now is that disadvantaged firms to meet the goals have different dollar denominations. For example, in the public finance arena, usually a DBE is having net revenues of less than $25 million which is a big number except that the big firms have billions of dollars. The City have tried to look at industry by industry to make sense of what happens because if you said that architectural firms have to meet a $25 million threshold, every architectural firm in the city could meet that threshold.

Commissioner Brandon asked what we could do to improve the participation. Ms. Moyer replied that we have to work on this some more. As Ms. Nelson pointed out, we've been relying on the HRC representative to help us know to study the proof that Mr. Bryan talked about and to help us know what's appropriate industry by industry. We will have to get back to the Commission regarding this information.

Commissioner Lazarus mentioned that it seems to her that the rub is with the as-needed portion because you are picking somebody and you have no idea what those projects ultimately are going to look like. It could be that you end up with projects where there's all kinds of opportunities for DBEs or you end up with a whole set of projects where there isn't.

Ms. Moyer replied that it really depends on the scope. With respect to the Real Estate as-needed contract, the prime's bid was a plethora of subconsultants depending on what the future work might be that's assigned. If it's a simple economic analysis or it's a long-term consulting contract to the developer, the scope of work really changes what makes sense and what the need is. In a regular bid out to the south approach bridge, it's pretty clear. It's the as-needed that when you have things that come up in a hurry that you don't know. Staff will come back to the Commission after it has a chance to review the matter further. She'd like to see what other departments are doing along these lines. Traditionally, that is the jurisdiction of HRC and she does not want to overstep her bounds until she's consulted with them.

Ms. Nelson added that with the new pool of as-needed contracts, we are already ahead of the game because we have DBEs who we are in a direct contractual relationships and they pretty much guarantee that if that prime contract is awarded any work, they will get a piece of it. We have made an improvement at least in that area.

9. NEW BUSINESS / AGENDA SETTING

Ms. Moyer indicated that at the moment there are only five items listed for the next Commission meeting which will no doubt change. As Jennifer Sobol mentioned earlier, we had initially planned an informational presentation today on the financial plan from the Shorenstein Farralon project. Unfortunately, it did not get listed on the new business but we are anticipating that it will be ready for the October 10, 2006 meeting assuming that we can come to some sort of a negotiated agreement with the developer. She noted that there is an

item regarding the Salt River Corp. lease to be presented on October 24 but that schedule will be driven by the CEQA process. We are working on a couple of policies in the Real Estate Division but most are regular business that the Commission is already aware of. Commissioner Hardeman has requested an informational item regarding the Mayor's Office plans concerning the City's bid for the Olympics and how the Port can participate. Representatives from the Mayor's Office will be making a presentation at the next meeting and they were very pleased and flattered to get the invite.

10. PUBLIC COMMENT

11. COMMUNICATIONS

12. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

At 4:20 p.m., the Commission withdrew to executive session to discuss the following:

B. CLOSED SESSION

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED AND EXISTING LITIGATION MATTERS (DISCUSSION & ACTION ITEMS).

a. Discuss anticipated and existing litigation matters pursuant to Section (a) of California Government Code Section 54956.9 (b) and San Francisco Administrative Code Section 67.10(d):

- Discussion and approval of settlement of anticipated claim of William Spencer Company seeking damages for alleged drainage defects at property located at 1800 Illinois Street, caused by the Illinois Street Intermodal Bridge project at Illinois Street and Islais Creek Channel. Proposed settlement of claims upon terms which include Port's payment of $20,000, for partial costs of remedial construction work, in exchange for claimant's full and final release of claims.

- City and County of San Francisco v. Pacific Cement Company LLC et al, San Francisco Superior Court No. 443-263.

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative.*

a. Property: Piers 33½

Person Negotiating: Port: Vicky Lee, Property Manager
*Leveraged Equity Management: Stephen Compagni Portis

b. Property: Piers 27-31
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
SF Piers LLC: Tom Hart and Rocky Fried

c. Property: Pier 9
Person Negotiating: Port: Phil Williamson, Project Manager
*Water Transit Authority: Steve Castleberry

13. RECONVENE IN OPEN SESSION

At 6:15 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Hardeman moved approval to adjourn executive session and reconvene in open session; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon moved approval of the mutual termination of the Lease No. 13751 with Leveraged Equity Management LLC for premises at Piers 33½ North, effective September 27, 2006 including the payment of $47,700 to Leveraged Equity Management for tenant improvements installed on December 9, 2005 and a mutual release and waiver of liability, except as to claims arising from the tenant improvements. Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon moved approval of the proposed Settlement Agreement with William Spencer Company to resolve the anticipated litigation alleging drainage problems resulting from the Illinois Street Intermodal Bridge Project upon the material terms set forth in agenda Item No. 12B(1)a for this meeting and upon such further terms approved by the City Attorney's office.

ACTION: Commissioner Brandon moved approval to not disclose any other information discussed in executive session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

14. ADJOURNMENT

ACTION: Commissioner Brandon moved approval to adjourn the meeting; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

Commission President Ann Lazarus adjourned the meeting at 6:18 p.m.

SAN FRANCISCO PORT COMMISSION

Ann Lazarus, President
Kimberly Brandon, Vice President
Michael Hardeman, Commissioner
Wilfred Hsu, Commissioner

Monique Moyer, Executive Director
Phone: 415-274-0400; Fax: 415-274-0412

Amy Quesada, Commission Secretary
Phone: 415-274-0406; Fax: 415-274-0412

AGENDA
REGULAR MEETING
3:00 P.M. TUESDAY, OCTOBER 10, 2006

PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.

DOCUMENTS DEPT.
OCT - 6 2006
SAN FRANCISCO
PUBLIC LIBRARY
10-06-06P02:24 RCVD

1. CALL TO ORDER / ROLL CALL

2. APPROVAL OF MINUTES - September 26, 2006

3. EXECUTIVE

A. Executive Director's Report
- Passing of Port Maintenance Employee Robert Keith
- Tenant Assessment Proposal for Pier 35 through Aquatic Park
- Fleet Week Celebration – October 6 to 11, 2006
- Cruise Terminal Blue Ribbon Committee
- Commendation for Commissioner Wilfred Hsu

B. Informational presentation regarding the City's bid for the 2016 Summer Olympics.

C. Informational presentation on proposed amendment to the Port Commission Rules of Order to reflect the addition of Article VI – Attendance at Meetings.

4. MARITIME

A. Informational presentation regarding the Feasibility and Status of Shoreside Power for Cruise Ships at the Port of San Francisco and the success of Shoreside Power for Cruise Ships in Juneau, Alaska and Seattle, Washington.

5. REAL ESTATE

A. Informational presentation regarding the Memorandum of Understanding with the Entertainment Commission concerning entertainment permits on Port property.

6. NEW BUSINESS / AGENDA SETTING

- New Business

- Agenda Setting (Targeted Commission meeting, subject to change)

  - Informational presentation regarding the Bar Pilots lease at Pier 9 (October 24, 2006)
  - Request approval of Memorandum of Understanding with the Entertainment Commission regarding entertainment permits on Port property (October 24, 2006)
  - Request approval of lease with Salt River Construction Corporation at Pier 96 (October 24, 2006)
  - Informational presentation regarding tenant improvement credits and tenant allowances (October 24, 2006)
  - Request authorization to award Contract for As-Needed Construction Support Services (October 24, 2006)
  - Request authorization to award contract for the South Approach to the Illinois Street Bridge Project (October 24, 2006)
  - Informational Presentation by SF Piers LLC of the Development Plan and Financial Proposal for the Piers 27-31 Mixed-Use Recreation Project (on The Embarcadero between Francisco and Battery Streets) (October 24, 2006)
  - Request approval of Abraham Lincoln Brigade monument design and placement and approval of MOU with Arts Commission to install and maintain monument, located in the Ferry Building area north of Market Street between the Embarcadero Roadway and Justin Herman Plaza (October 24, 2006)
  - Request approval of Revised Development Memorandum for Piers 27-31 Mixed-Use Recreation Project (November 14, 2006)
  - Request authorization to advertise for Competitive Bids for Construction Contract No. 2713, Pier 52 Boat Launch Project (November 14, 2006)
  - Informational presentation regarding As-Needed Contracts, First Quarterly Report FY 2006/07 (November 14, 2006)
  - Informational presentation regarding casual landing/excursion berthing rates at the Port of San Francisco (November 14, 2006)
  - Informational presentation regarding Real Estate Broker Fees Policy at the Port of San Francisco (November 14, 2006)
  - Request approval of Bar Pilots lease at Pier 9 (November 14, 2006)
  - Request approval of Water Transit Authority's (WTA) lease at Pier 9 (November 14, 2006)
  - Request approval of amendment to the Port Commission Rules of Order with regard to Port Commission Attendance at meetings (November 14, 2006)
  - Quarterly Project Update for the Illinois Street Intermodal Bridge Project (December 12, 2006)

- Request authorization to execute a Contract Modification to the Illinois Street Intermodal Bridge Contract No. 2680 with Shimmick Construction Company, Inc. to Extend the Contract Final Completion Date (December 12, 2006)
- Request authorization to Accept and Expend $1.8 Million in Grant Funds from the State Water Resources Control Board to Fund Fisherman's Wharf Pier 45 Process Water/Storm Water Collection System Improvements (December 12, 2006)
- Request authorization to Advertise for Competitive Bids for the Pier 35 Improvements Project, Contract No. 2712 (January 9, 2007)
- Informational presentation regarding Deteriorated Piers and Aprons scheduled for closure and/or demolition (January 9, 2007)
- Request approval of a Memorandum of Understanding with the City's Recreation and Park Department for use of space at Hyde Street (Date to be determined)
- Request approval of a lease amendment with Pacific Marine Dining Yachts at Pier 9 (Date to be determined)
- Informational presentation regarding Backlands Planning (Date to be determined)

7. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

8. COMMUNICATIONS

Communications to the Port Commission received from September 22 to October 5, 2006:

- From Port staff, copy of Wharf J-10 Demolition and Improvements Final EIR
- From David Cincotta, regarding Demolition Contract for Wharf J-10 M-6A
- From Lynette Sweet, Vice President of the San Francisco Bay Area Rapid Transit Board of Directors, regarding the passing of Commissioner Sue Bierman
- From Mohammed Nuru, Graffiti Advisory Board, regarding Port funds spent on graffiti abatement
- From Wells Whitney, copy of a letter to Simon Snellgrove and Alicia Esterkamp regarding the proposed 8 Washington Street project

9. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTERS. (Discussion and Action Items)

a. Discuss existing litigation matters pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d):

- Specialty Crushing, Inc. (debtor) (U.S. Bankruptcy Court, Northern District of California, Oakland Division, Case No. 05-43167) (Discussion Item)

- Platte River Insurance Company v. City and County of San Francisco (San Francisco Superior Court Case No. CGC-05-446355) (Discussion Item)

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative.*

a. Property: Piers 27-31
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
SF Piers LLC: Tom Hart and Rocky Fried

Under Negotiation: _____ Price _____Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Piers 27-31.

(3) PUBLIC EMPLOYEE APPOINTMENT – This is specifically authorized under California Government Code Section 54957.

a. Consideration and Possible Action on Public Employee Appointment-Deputy Director of Port.

10. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

11. ADJOURNMENT

OCTOBER/NOVEMBER/DECEMBER 2006
CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
October 10	**3:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**
October 24	**3:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**
November 14	**2:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**
December 12	**2:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**

NOTES:
The San Francisco Port Commission meets regularly on the 2nd and 4th Tuesday of the month at 3:00 p.m., unless otherwise noticed. ***The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com.*** Contact Amy Quesada at 274-0406.

The Cruise Terminal Environmental Advisory Committee generally meets the third week of each month. Date and time to be determined. Contact Michael Nerney at 274-0416.

The Environmental Quality Advisory Committee (EQAC) meets regularly on the fourth Thursday of the month at 9:00 a.m. at Scoma's Restaurant, Pier 47 @ Fisherman's Wharf. Contact Jay Ach @ 274-0562.

The Fisherman's Wharf Waterfront Advisory Group meets regularly on the 3rd Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Kirk Bennett @ 274-0545.

The Maritime Commerce Advisory Committee (MCAC) meets on a bi-monthly basis, on the third Thursday of the month, from 11:30 a.m. to 1:30 p.m. @ Pier 1. Contact Jill Rodby @ 274-0519.

The Mission Bay CAC meets regularly on the 2nd Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Tom Evans, Redevelopment Agency, at 749-2539 or tom.evans@sfgov.org for more information.

The Northeast Waterfront Advisory Group meets regularly on the 1st Wednesday of the month at 4:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Kirk Bennett @ 274-0545.

The Central Waterfront Advisory Group meets monthly on an as-needed basis generally on the 3rd Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or via email @ Mark_Paez@sfport.com.

The Rincon Point-South Beach CAC meets regularly on the 3rd Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Tom Evans, Redevelopment Agency, at 749-2539 or tom.evans@sfgov.org for more information.

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david_beaupre@sfport.com.

The Waterfront Design Advisory Committee meets jointly with BCDC's Design Review Board on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. or the Committee meets as needed on the 3rd Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625.

The Port Permit Appeals Committee meets regularly on the first Thursday of June and December of the year. For further information contact Ed Byrne at 274-0570 or Dan Hodapp at 274-0625.

ACCESSIBLE MEETING INFORMATION

Ferry Building: The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets.
C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington St., Folsom St. & Drumm St.

Pier 1:
The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:
In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals. A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance. Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at http://www.sfgov.org/sunshine/

Lobbyist Registration and Reporting Requirements. Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

ECONOMIC AND WORKFORCE DEVELOPMENT
BASE REUSE & DEVELOPMENT

CITY AND COUNTY OF SAN FRANCISCO
GAVIN NEWSOM, MAYOR

TO: The Honorable Members of the Port Commission
CC: Monique Moyer, Executive Director
FROM: Jesse Blout and Kyri McClellan
DATE: October 4, 2006
RE: San Francisco's 2016 Summer Olympic and Paralympic Games Bid

Prepared as background for the October 10 Port Commission meeting. The presentation will expand on the information below and provide you with an opportunity to ask questions.

Staff Report

Background:

In May of 2006 the United States Olympic Committee (USOC) invited five Cities -- San Francisco, Los Angeles, Chicago, Houston and Philadelphia -- to put forward an initial proposal to host the 2016 Summer Olympic and Paralympic Games. All five cities put forth a proposal and, in July of 2006, the USOC invited 3 potential candidate cities -- San Francisco, LA and Chicago – to continue on through a competitive process culminating in the potential selection of a U.S. candidate city in April 2007. This phase of the USOC's evaluation process includes response to a detailed USOC questionnaire, preparation of domestic bid books, an evaluation committee site visit and report, and a final presentation to the USOC Board.

A separate non-profit organization has been created to support the further development of all aspects of the San Francisco Bay Area Games' bid. The effort is being privately funded through charitable donations – the city has not incurred any hard costs related to the bid's development.

Opportunities for the Port to Review and Support the Bid:

The USOC is looking for a partner city that can effectively coordinate with, and gain support from, the myriad local entities that would be needed to host an Olympic Games. To that end, a show of support from the Port Commission for the San Francisco 2016 effort, prior to April of 2007, would certainly assist in our efforts to win the bid.

If you have any questions regarding this report or the presentation on October 10, please contact Jesse Blout at 554-6477 or Kyri McClellan 554-6123.

This Print Covers Calendar Item No. 3B

1 DR. CARLTON B. GOODLETT PLACE, ROOM 448, SAN FRANCISCO, CA 94102
(415) 554-6123 VOICE (415) 554-6018 FAX

PORT OF SAN FRANCISCO

MEMORANDUM

October 5, 2006

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Wilfred Hsu

FROM: Monique A. Moyer
Executive Director

SUBJECT: Informational Presentation on Proposed Amendment to the Port Commission Rules of Order to reflect the addition of Article VI – Attendance at Meetings

DIRECTOR'S RECOMMENDATION: INFORMATIONAL PRESENTATION ONLY

Background:

On August 15, 2006, the Board of Supervisors adopted Resolution No. 502-06 urging each City board, commission or advisory body to adopt an internal policy regarding members' attendance at meetings of the body and requesting each body to submit a copy of its policy to the Board of Supervisors by December 1, 2006.

In his continuing effort to increase governmental efficiency and performance, Mayor Gavin Newsom, on September 18, 2006, sent a letter to all department heads stating that he would like to ensure consistent attendance of appointed representatives to the City and County commissions. The Mayor believes that consistent commissioner attendance is necessary for each commission to function well and effectively advance departmental goals. Appointments to commissions have been made by the Mayor in order to allow for diverse viewpoints to be represented so each commissioner's participation is essential.

The Mayor is interested in establishing the following baseline standards of commissioner attendance across all city commissioners:

- All commissioner absences be "excused absences," in which a commission secretary or the appropriate departmental representative is notified in advance of the meeting about the absence.

This Print Covers Calendar Item No. 3C

- A working goal of 100% attendance for commissioners, which recognizes the critical importance of each commissioner's attendance at meetings. As a practical matter, the Mayor believes that it is appropriate to ask that each commissioner have at least 90% attendance to their regular commission's meetings, recognizing that illnesses or family emergencies arise very occasionally.
- In order to monitor efforts toward this goal, the Mayor is requesting commission secretaries to submit an annual report to the Mayor's office at the end of each fiscal year detailing commission attendance.
- Commission secretaries shall contact the Mayor's commissions liaison if a commissioner misses a meeting without contacting the department in advance, or when a commissioner has missed three meetings in a fiscal year, so that his office may contact the commissioner.

Each individual commissioner's experiences and skills are highly valued and consistent attendance allows for the full potential of each commission to be utilized. Meeting attendance is also one of the many factors the Mayor's office uses to consider future appointments of individuals currently serving on commissions, so detailed attendance records will be helpful to the appointment process.

Proposal:

In conformance with the Mayor's directive, Port staff proposes to amend the Port Commission Rules of Order by adding Article VI, Section 1, Attendance at Meetings, to read as follows:

"Unless excused, all members of the Port Commission shall be in attendance at the hour appointed for each regular, special or recessed meeting of the Port Commission. No member shall leave the Port Commission meeting while in session without permission of the presiding officer. Prior notification of absence from a Port Commission meeting constitutes an excused absence. If a Port Commissioner misses a meeting without contacting the Port Commission President in advance or when a commissioner has missed three or more Port Commission meetings in a fiscal year, whether the absence is excused for any reason other than illness or is unexcused, the Port Commission Secretary shall contact the Mayor's commissions liaison so they may contact the commissioner.

Moreover, the Commission Secretary shall submit an annual report to the Mayor's office at the end of each fiscal year detailing commission attendance."

Copies of the Mayor's September 18, 2006 letter and the Board of Supervisors Resolution No. 502-06 are attached. A copy of the current Port Commission By-Laws is also attached in case the Commission would like to suggest any other changes at this time.

Prepared by: Monique Moyer
Executive Director

Office of the Mayor
City & County of San Francisco

Gavin Newsom

September 18, 2006

Departmental Directors and Commission Secretaries:

In a continuing effort to increase governmental efficiency and performance, I want to ensure consistent attendance of appointed representatives to our City and County commissions. I believe that consistent commissioner attendance is necessary for each commission to function well and effectively advance departmental goals. Appointments to commissions have been made by my office in order to allow for diverse viewpoints to be represented, so each commissioner's participation is essential.

Along those lines, my office is interested in establishing baseline standards of commissioner attendance across all city commissions:

- All commissioner absences be 'excused absences,' in which a commission secretary or the appropriate departmental representative is notified in advance of the meeting about the absence.
- A working goal of 100% attendance for commissioners, which recognizes the critical importance of each commissioner's attendance at meetings. As a practical matter, I believe it is appropriate to ask that each commissioner have at least 90% attendance to their regular commission's meetings—recognizing that illnesses or family emergencies arise very occasionally.
- In order to monitor efforts toward this goal, I ask that commission secretaries submit an annual report to my office at the end of each fiscal year detailing commission attendance.
- Moreover, I ask commission secretaries contact my commissions liaison if a commissioner misses a meeting without contacting the department in advance, or when a commissioner has missed three meetings in a fiscal year, so that my office may contact that commissioner.

Please consider incorporating these standards into your commission's policies and procedures as appropriate.

Each individual commissioner's experiences and skills are highly valued, and consistent attendance allows for the full potential of each commission to be utilized. Meeting attendance is also one of the many factors my office uses to consider future appointments of individuals currently serving on commissions, so detailed attendance records will be helpful to our appointment process.

Should you have any questions about this letter, please contact Wade Crowfoot at 554-6640.

Yours sincerely,

Gavin Newsom

1 Dr. Carlton B. Goodlett Place, Room 200, San Francisco, California 94102-4641
gavin.newsom@sfgov.org • (415) 554-6141

City and County of San Francisco

Tails

Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 061175 **Date Passed:**

Resolution urging each City board, commission or advisory body to adopt an internal policy regarding members' attendance at meetings of the body, and requesting each body to submit a copy of its policy to the Board of Supervisors by December 1, 2006.

August 15, 2006 Board of Supervisors — ADOPTED

Ayes: 10 - Ammiano, Daly, Dufty, Elsbernd, Ma, Maxwell, McGoldrick, Mirkarimi, Peskin, Sandoval
Excused: 1 - Alioto-Pier

File No. 061175

I hereby certify that the foregoing Resolution was ADOPTED on August 15, 2006 by the Board of Supervisors of the City and County of San Francisco.

Kay Gulbengay
for Gloria L. Young
Clerk of the Board

8/17/2006
Date Approved

Mayor Gavin Newsom

FILE NO. 061175 RESOLUTION NO. 502-06

[Urging boards and commissions to adopt policies regarding members' attendance at meetings.]

Resolution urging each City board, commission, or advisory body to adopt an internal policy regarding members' attendance at meetings of the body, and requesting each body to submit a copy of its policy to the Board of Supervisors by December 1, 2006.

WHEREAS, City boards, commissions, and advisory bodies are created as multi-member bodies to make use of the talents, efforts, and perspectives of all of their members; and,

WHEREAS, The appointing authorities for such bodies strive in selecting members to promote both diversity and balance, in order to enhance both the breadth of community representation and the quality of decision-making in the conduct of the City's business; and,

WHEREAS, Excessive absenteeism by individual members of such bodies detracts from the achievement of those goals and potentially skews the decision-making process, deprives different communities of effective representation, and places an unfair burden on those members who are conscientious about attending meetings; now, therefore, be it

RESOLVED, That the Board of Supervisors urges that every appointive board, commission, or advisory body of any kind established by the Charter or by legislative act of the Board of Supervisors adopt an internal policy regarding members' attendance at meetings of the body; and, be it

FURTHER RESOLVED, That the Board urges that such policy address how and when members are to be excused from attending particular meetings, and when the body is to report a member's excessive absenteeism to the appointing authority; and, be it

FURTHER RESOLVED, That the Board requests that every appointive board, commission, or advisory body of any kind established by the Charter or by legislative act of

the Board of Supervisors submit a copy of its internal policy regarding members' attendance to the Board no later than December 1, 2006.

PORT OF SAN FRANCISCO

MEMORANDUM

January 5, 2006

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Sue Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique A. Moyer
Executive Director

SUBJECT: Approval of amendment to Port Commission Rules of Order to reflect change of regular meeting schedule and time for Port Commission meetings.

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION AMENDING PORT COMMISSION RULES OF ORDER, CHANGING REGULAR MEETING SCHEDULE AND TIME OF MEETINGS

Background:

The Port Commission Rules of Order currently provide that regular meetings of the Port Commission shall be held on the second and fourth Tuesday of each month at 3 p.m. in the Commission Hearing Room of the Ferry Building.

After reviewing the Commission meeting schedule and agenda setting requirements necessary to meet the Port's work schedule during the past year, it appeared that the Port could achieve economic efficiencies by consolidating meetings. The proposal is to retain meetings on the second Tuesday of each month, but to eliminate meetings on the fourth Tuesday of the month during the months of January, June, July, August, November and December. By adopting the proposed amendment to the regular meeting schedule, the Port Commission can provide the public with advance notice of the anticipated schedule, and thus greater certainty as to the opportunities to participate. In the past, seasonal variations in the schedule necessitated the mailing of notifications of canceled meetings. During the months when the Commission will meet only once, the probability is that the agenda will be longer, and thus the recommendation is that the meetings commence an hour earlier on those dates, so as to avoid the necessity for staff overtime or keeping the public waiting for an agenda item late into the evening.

This Print Covers Calendar Item No. 3B

Proposal:

Staff proposes to amend the Port Commission Rules of Order, Article II, Section 1, to read as follows:

"Regular meetings shall be held on the second Tuesday of each month, and again on the fourth Tuesday during the months of February, March, April, May, September and October. There will be one regular monthly meeting during the months of January, June, July, August, November and December, which will begin at 2:00 p.m., and two regular monthly meetings during the months of February, March, April, May, September and October, which will begin at 3:00 p.m. Meetings will be held in the Port Commission hearing room on the second floor of the Ferry Building."

Recommendation:

Staff requests Commission's approval of the recommended amendment to the Port Commission Rules of Order.

Prepared by: Monique Moyer
Executive Director

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 06-01

WHEREAS, The San Francisco Port Commission was established as a Commission pursuant to San Francisco Charter Sections B3.581 and 4.114 as a condition of the State's transfer of the public trust lands under the Port Commission's jurisdiction; and

WHEREAS, San Francisco Charter Section 4.104 provides that each board and commission shall have the powers and duty to prescribe reasonable rules and regulations not inconsistent with the City's Charter or its ordinances; and

WHEREAS, The Port Commission's adopted Rules of Order, at Article II, Section 1, provide that the "Regular meetings shall be held on the second and fourth Tuesdays of each month. Port Commission meetings will be held in the Commission Room of the Ferry Building at 3 pm;" and

WHEREAS, The Port Commission desires to amend its meeting schedule to reflect the pattern and practice of past meetings, and to reduce the number of regular meetings annually as an economic efficiency measure; and

WHEREAS, The Port Commission proposes to amend Article II, Section 1 to provide that the regular meetings will be held once per month every second Tuesday throughout the year, with additional meetings during six specified months on the fourth Tuesday of every month; now, therefore, be it

RESOLVED, The Port Commission hereby approves and adopts an amendment to its Rules of Order, Article II, Section 1, to read as follows: "Regular meetings shall be held on the second Tuesday of each month, and again on the fourth Tuesday during the months of February, March, April, May, September and October. There will be one regular monthly meeting during the months of January, June, July, August, November and December, which will begin at 2:00 p.m., and two regular monthly meetings during the months of February, March, April, May, September and October, which will begin at 3:00 p.m. Meetings will be held in the Port Commission hearing room on the second floor of the Ferry Building."

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of January 10, 2006.

Secretary

PORT OF SAN FRANCISCO

PROPOSED SCHEDULE OF PORT COMMISSION MEETINGS

2006

Port Commission meetings are held in the Port Commission Hearing Room located on the second floor of the Ferry Building, unless otherwise noticed.

January	10	@ 2 p.m.
February	14 & 28	@ 3 p.m.
March	14 & 28	@ 3 p.m.
April	11 & 25	@ 3 p.m.
May	09 & 23	@ 3 p.m.
June	13	@ 2 p.m.
July	11	@ 2 p.m.
August	08	@ 2 p.m.
September	12 & 26	@ 3 p.m.
October	10 & 24	@ 3 p.m.
November	14	@ 2 p.m.
December	12	@ 2 p.m.

RULES OF ORDER

SAN FRANCISCO PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

(Amended January 10, 2006)

ARTICLE I

MEMBERS AND OFFICERS – ELECTIONS

1. There are five Commissioners duly appointed by the Mayor.

2. Among the Commissioners, a President and Vice President will be elected. They will serve a one-year term or until a successor is elected. Elections will be held every year at the first calendared meeting in January. No officer may serve for more than two years consecutively in the same office.

STAFF

1. There will be an Executive Director who is nominated by the Commission but approved by the Mayor, in accordance with the City Charter, Section 3.581(h). The Executive Director serves at the pleasure of the Commission for an indeterminate term.

2. There will be a Commission Secretary who is also appointed by the Commission under Section 3.500(h) of the Charter, and will serve at the pleasure of the Commission for an indeterminate term.

3. In accordance with Charter Section 3.585, the City Attorney shall be the legal advisor of the Commission. Special counsel may be appointed with the consent of the Mayor and the approval of the City Attorney.

ARTICLE II

MEETINGS

1. Regular meetings shall be held on the second Tuesday of each month, and again on the fourth Tuesday during the months of February, March, April, May, September and October. There will be one regular monthly meeting during the months of January, June, July, August, November and December, which will begin at 2:00 p.m., and two regular monthly meetings during the months of February, March, April, May, September and October, which will begin at 3:00 p.m. Port Commission meetings will be held in the Port Commission Hearing Room located on the second floor of the Ferry Building.

2. A resolution or motion must be adopted by the majority of the Port Commission members. Three members present constitute a quorum for transaction of business.

3. Whenever a special meeting is held at any place other than the regular meeting place, public notice of the time and place of such meeting shall be given at least 15 days prior to such meeting.

4. Special Meetings of the Commission may be called at any time by the President or by a majority of the members of the Commission by delivering personally or by mail, written notice to each Member of the Commission and to each local newspaper of general circulation, radio or television station requesting notice in writing. Such notice shall be delivered personally or by mail at least 72 hours before the time of such meeting, as specified in the notice. The call and notice shall specify the time and place of the special meeting and the business to be transacted. No other business shall be considered at such meetings by the Commission. Such written notice may be dispensed with as to any Member of the Commission who, at or prior to the time the meeting convenes, files with the Secretary of the Commission a written waiver of notice. Such waiver may be given by telegram. Such written notice may also be dispensed with as to any Member of the Commission who is actually present at the meeting at the time it convenes.

5. At least 72 hours before a regular meeting, an agenda shall be posted containing a meaningful brief description of each item to be discussed or transacted at the meeting, shall specify the time and location of the regular meeting and shall be posted in a location that is freely accessible to members of the public and at the public library.

ARTICLE III

PROCEEDINGS OF THE COMMISSION

1. All actions taken by the Commission shall be by resolution.

2. A record of the vote on any resolution or motion shall be made by a roll call vote of "ayes" and "no's" in the minutes of the Commission. The proceedings of the Commission shall be carried on in such a manner and such dispatch as may be mutually agreeable to the Members of the Commission. Whenever requested by any Commissioner, Robert's Rules of Order shall be applied for the governing of any proceeding, and thereupon no resolution shall be considered or other action taken, until the same has been duly moved, seconded and carried. All resolutions passed by the vote of the Commissioners present at any meeting shall be deemed to have been moved, seconded and passed in due form.

3. Except this rule and such order of these Rules of Order as are restatements of the Rules of the Charter, ordinances or resolutions of the Board of Supervisors, or other positions of the law, any of these Rules of Order may be suspended by the affirmative vote of the majority of the Members of the Commission, provided that such suspension is entered upon the Minutes of the Commission.

4. Privilege of the Floor may be granted to any member of the public, or officers of the City and County of San Francisco, or their duly authorized representatives for the purpose of commenting on any questions before the Commission. The presiding officer may limit to

three minutes the time allocated to each speaker, provided, however, that time may be extended with the consent of at least three Commissioners.

ARTICLE IV

COMMITTEES

1. The President may from time to time, appoint such advisory committees as will assist in the transaction of the business of the Commission.

ARTICLE V

PRESIDENT

1. The President shall be the official head of the San Francisco Port Commission, shall preside at all meetings and shall have the right to vote.

2. The President may call special meetings at his or her discretion and shall call meetings at the request of any three Members of the Commission.

3. The President shall be an Ex Officio Member of all committees.

VICE PRESIDENT

1. The Vice President shall act or perform all the duties of the President in case of absence or disability of the President.

SECRETARY

1. The Commission Secretary shall attend all regular and special meetings of the Commission and keep a true and accurate record of the proceedings and the Minutes of the meetings. Copies of the Minutes shall be typed and furnished to each Member of the Commission prior to the next stated meeting. Original copies of minutes, bearing the signature of the Secretary shall, following approval, be bound and kept in permanent volumes, entitled "Minute Book."

2. The Commission Secretary shall also keep intact the original copy of, and index, all resolutions of the Commission, with a record thereon of the vote, or other action, and when convenient, shall bind such documents into permanent records in books entitled "Port Resolutions." All resolutions shall be in numerical order.

ARTICLE VI

AMENDMENTS

1. These rules may be amended by resolution passed by the Commission.

2. Copies of the amendments shall be mailed promptly to the Members of the Commission.

PORT OF SAN FRANCISCO

MEMORANDUM

October 4, 2006

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Wilfred Hsu

FROM: Monique Moyer
Executive Director

SUBJECT: Presentation on the Feasibility and Status of Shoreside Power for Cruise Ships at the Port of San Francisco and the success of Shoreside Power for Cruise Ships in Juneau and Seattle

DIRECTOR'S RECOMMENDATION: INFORMATIONAL PRESENTATION; NO ACTION REQUIRED

Background

Shoreside power for cruise ships offers properly equipped cruise ships the option of turning off their engines while in port, thereby reducing air emissions. The possibility of implementing shoreside power for cruise ships at the Port's proposed new terminal at Piers 30-32 was discussed extensively over the past two years during meetings of the Cruise Terminal Environmental Advisory Committee (CTEAC). On September 27, 2005, the Port Commission approved CTEAC's recommendations that shoreside power was technically feasible, but that further analysis was necessary to determine its economic viability. This analysis would include elements such as the cost of shoreside power infrastructure, the uncertainty of the price of electricity, and the limited number of ship calls able to use shoreside power. In coordination with CTEAC, the Port has continued to evaluate ways to implement shoreside power, including (1) submittal of a preliminary cost estimate of shoreside power infrastructure at Piers 30-32, (2) pursuit of federal, state and other grant funding, and (3) the initiation of discussions with the San Francisco Public Utilities Commission (PUC) and other stakeholders regarding the pricing of shoreside power electricity.

As a result of subsequent discussions with the PUC, Tom Dow, Carnival Corporation's Vice President for Public Affairs, and Port staff were invited to provide an informational presentation to the PUC regarding shoreside power feasibility. At the presentation on July 11, 2006, the PUC endorsed the idea of providing both technical and financial assistance to the Port in bringing

This Print Covers Calendar Item No. 4A

shoreside power to San Francisco. With the uncertainties involved with plans for Piers 30-32, the PUC raised the idea of the feasibility of bringing shoreside power to the existing cruise terminal at Pier 35 as an interim measure until shoreside power can be provided at the new James R. Herman cruise terminal.

Accordingly, on August 31, 2006, Port staff met with representatives from Carnival, the PUC and Pacific Gas & Electric (PG&E) to conduct an inspection of the existing cruise terminal at Pier 35 as a first step in identifying and evaluating potential locations for the installation of shoreside power infrastructure. Cochran Engineering, Carnival's consulting engineer, is currently working on a more formal engineering review of the potential of the locations identified in the walk-through.

Carnival Corporation has agreed to provide the Port with engineering support on the initial stages of the evaluation of Pier 35 for shoreside power. Carnival, through its subsidiary Princess Cruises, installed the first two shoreside power facilities for cruise ships, at Juneau, Alaska, and Seattle, Washington, and therefore is able to provide the Port with unique expertise.

Prepared by: Jay A. Ach, Maritime
John Doll, Planning & Development

PORT OF SAN FRANCISCO

MEMORANDUM

October 6, 2006

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Wilfred Hsu

FROM: Monique Moyer
Executive Director M Moyer

SUBJECT: Memorandum of Understanding with the San Francisco Entertainment Commission to facilitate the effective transfer of duties from the Port to the Entertainment Commission regarding entertainment-related permits.

DIRECTOR'S RECOMMENDATION: INFORMATIONAL ONLY

I. History

In 2000, the Civil Grand Jury recommended that the City and County of San Francisco create a new commission to assume the issuance and administration of entertainment permits from the San Francisco Police Department (the "Police Department").

In 2004, the Entertainment Commission was formed and vested with the authority to assume all responsibilities from the Police Department for the issuance of entertainment related permits. (S.F. Charter Section 4.17, S.F. Administrative Code Chapter 90).

Prior to the creation of the Entertainment Commission, the Police Department was responsible for the issuance of entertainment permits and licenses, including loudspeaker permits, itinerant show permits, dance hall keeper permits and place of entertainment permits, after hours permits, licenses for amusements, amusement parks, mechanical amusement devices, billiard and pool tables, arcades and recreational equipment. The Police Department also conditioned, suspended, revoked and/or authorized the transfer of such permits and licenses as set forth in the Police Code.

When the Entertainment Commission was formed, the Port did not wish to assume the managerial responsibility associated with the administration of entertainment related permits on Port property.

THIS PRINT COVERS CALENDAR ITEM NO. 5A

Therefore, the Port delegated the authority to the Entertainment Commission to exercise its powers and perform its duties within the jurisdiction of the Port under Section 90.4(1) in July 2004 and entered into a one year Memorandum of Understanding with the Entertainment Commission pursuant to Port Commission action, Resolution No. 04-53.

During the initial term of the 2004 MOU, the Port experienced some challenges working with the Entertainment Commission. The Port also received significant feedback from its waterfront neighbors regarding some permittees. Issues included: enforcement actions such as revoking or modifying entertainment permits; non-adherence to established Port Polices such as the Good Neighbor Policy in the Central Waterfront; and communication with Port staff. For example, some permit applications were not forwarded to the Port for review as required by the MOU. In the past twelve months communication and cooperation have significantly improved.

Following the expiration of the 2004 MOU, the Port and the Entertainment Commission agreed to allow the MOU to hold over on a month-to-month basis until a new MOU could be completed. Appendix A to this report contains the list of permits that would be covered by the MOU, if approved by the Commission. Appendix B describes the two major permits – Place of Entertainment and Extended Hours Premises – that are ongoing permits authorizing activities that could, if not properly managed, result in conflicts with the Port's neighbors.

II. Proposed Port Entertainment Commission Memorandum of Understanding

In drafting a new MOU with the Entertainment Commission, Port staff have endeavored to strengthen the Port's proprietary role in approving uses of Port property. We are consulting with the City Attorney about MOU provisions requiring proof of use authorization from the Port prior to issuance of entertainment related permits. We are also researching the extent to which the Port's proprietary entertainment use authorization for new or amended leases could be revocable without cause. Port staff will report our findings to the Commission when we present a proposed MOU.

Port staff are also researching means of applying the following Good Neighbor policies (developed pursuant to the Waterfront Land Use Plan for the South Beach Area) to the conditions of permits (or lease amendments) authorizing future Place of Entertainment and Extended Hours Premises activities, regardless of their location on Port property. The language that staff proposed is:

"Section . Good Neighbor Policies. Tenant shall comply with the "Good Neighbor" standards described below. These "Good Neighbor" standards apply to bars, restaurants which sell alcohol, large fast food restaurants, and assembly and entertainment uses, unless the Port Commission makes a specific finding that a particular condition is unnecessary or infeasible:

(a) Any indoor and/or outdoor activity located within 300 feet of a residential unit shall, during the period from 10:00 p.m. to 6:00 a.m., ensure that sound levels emanating from such activities do not exceed the acceptable noise levels established by the San Francisco Noise Ordinance (San Francisco Police Code, Article 29 or any successor legislation thereto).

(b) The tenant shall post interior signs and request that patrons leaving the Premises after 10:00 p.m. leave the establishment and the neighborhood in a quiet, peaceful and orderly fashion and not litter or block driveways in the neighborhood. The tenant shall alert the San Francisco Police Department if exiting patrons are causing a disturbance.

(c) All garbage receptacles shall be enclosed and no garbage shall be put on the sidewalk for collection, except as permitted by Article 5.1 of the San Francisco Public Works Code or any successor legislation thereto.

(d) The tenant shall keep sidewalks fronting the Premises clean of debris and litter and shall walk a 100 ft. radius from the Premises sometime between thirty minutes after closing and 8:00 a.m. the following morning to pick up and dispose of any discarded trash left by area patrons.

(e) The tenant shall designate a neighborhood liaison contact person whose name and phone number shall be made available to the Port and to neighborhood associations in the area."

II. Schedule of Meeting Dates

Port staff and representatives from the Entertainment Commission have and will be making a number of informational presentations to the Port Commission, Entertainment Commission, Southern Waterfront Advisory Committee ("SWAC") and the Central Waterfront Advisory Group ("CWAG"). The following is a schedule of the presentations already made.

- Southern Waterfront Advisory Committee (SWAC) - August 30, 2006
- Meeting with representatives of SWAC, Central Waterfront Advisory Group (CWAG) and Dogpatch Neighborhood - September 28, 2006
- Port Commission (informational presentation only) - October 5, 2006

Port staff intend to consult with members of SWAC, CWAG, the Rincon/South Beach CAC and other interested parties prior to returning to the Port Commission with a proposed MOU.

III. Conclusion

Port staff intend to return to the Port Commission with the final results of community outreach and a proposed Port – Entertainment Commission MOU later this month.

Prepared by: Jeff Bauer
Senior Property Manager

Appendix A

Permit Name	San Francisco Police Code
After Hours / Extended Hours Premises	Section 1070
Amendment to Permits (minor)	Section 2.26
Amusement Parks	Section 1031.1
Bell or Ring Throwing Games	Section 1021
Billiard and Pool Tables	Section 1037
Circus	Section 1019.1
Masked Balls	Section 1029
Mechanical Amusement Devices	Section 1036(b)
Mechanical Contrivances & Others	Section 1045
Recreational Equipment Vendors	Section 1051
Rodeo Exhibition and Show	Section 1020
Itinerant Show	Section 1017
Loudspeaker – Commercial	Section 47
Place of Entertainment	Section 1060
Place of Entertainment – Amendment	Section 2.26
Loud Speaker Vehicle	Section 47

Appendix B

Police Code Section 1060

(a) "Place of Entertainment." Every premises to which patrons or members are admitted which serves food, beverages, or food and beverages, including but not limited to alcoholic beverages, for consumption on the premises and wherein entertainment as defined in Subsections (b), (c), or (e) is furnished or occurs upon the premises.

(b) "Entertainment." Any act, play, review, pantomime, scene, song, dance act, song and dance act, or poetry recitation, conducted or participated in by any professional entertainer in or upon any premises to which patrons or members are admitted.

"Entertainment," in addition, is defined to mean and include the playing upon or use by any professional entertainer of any instrument that is capable of or can be used to produce musical sounds or percussion sounds, including but not limited to, reed, brass, percussion or string-like instruments, or recorded music presented by a live disc jockey on the premises.

Police Code Section 1070

(a) Extended-Hours Premises. Every premises to which patrons or members are admitted or which allows patrons or members to remain on the premises between the hours of 2:00 a.m. and 6:00 a.m. which serves food, beverages, or food and beverages, including but not limited to, alcoholic beverages, for consumption on the premises or wherein entertainment as defined in Subsections (b) and (c) is furnished or occurs upon the premises.

(1) Dance Academies. An extended-hours premises shall also include a dance academy wherein students are admitted between the hours of 2:00 a.m. and 6:00 a.m., and instruction is given in ballroom or other types of dancing, whether given to the students in groups or individually.

(b) Entertainment. Any act, play, review, pantomime, scene, song, dance act, song and dance act, or poetry recitation, conducted or participated in by any professional entertainer in or upon any premises to which patrons or members are admitted. "Entertainment" also includes a fashion or style show, except when conducted by a bona fide nonprofit club or organization as part of the social activities of such club or organization, and when conducted solely as a fund-raising activity for charitable purposes. (The term "professional entertainer" as used herein means a person or persons who engage in the presentation of entertainment for livelihood or gain.)

"Entertainment," in addition, is defined to mean and include the playing upon or use of any instrument that is capable of or can be used to produce musical sounds or percussion sounds, including but not limited to, reed, brass, percussion or string-like instruments; provided, further, that "entertainment" is defined to mean any instrument or device capable of producing or reproducing sound, which device is located in a premises open between the hours of 2:00 a.m. and 6:00 a.m.

SAN FRANCISCO PORT COMMISSION

OCTOBER 10, 2006
MINUTES OF THE MEETING

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MEMBERS, PORT COMMISSION

HON. ANN LAZARUS, PRESIDENT
HON. KIMBERLY BRANDON, VICE PRESIDENT
HON. MICHAEL HARDEMAN
HON. WILFRED HSU

MONIQUE MOYER, EXECUTIVE DIRECTOR
AMY QUESADA, COMMISSION SECRETARY

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE MEETING
OCTOBER 10, 2006

1. CALL TO ORDER / ROLL CALL

Commission President Ann Lazarus called the meeting to order at 3:05 p.m. The following Commissioners were present: Ann Lazarus, Kimberly Brandon and Michael Hardeman. Commissioner Hsu was not present.

2. APPROVAL OF MINUTES - September 26, 2006

ACTION: Commissioner Brandon moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; the minutes of the September 26, 2006 meeting were adopted.

3. EXECUTIVE

A. Executive Director's Report: Executive Director Monique Moyer reported the following:

- Passing of Port Maintenance Employee Robert Keith: On September 30, 2006, the Port lost one of its long-term employees. Bobby Keith passed away of a heart attack while on vacation in Hawaii. Last September, Bobby celebrated his 29 years of service at the Port. He began as a pileworker and stepped up to spool tender and eventually became a pile engineer/operator. A spool tender is a person who operates the lines on the piledriving. It's a very specialized business getting the lines through the winch holders and out of the piledriver. In 2003, Bay Crossings did an article which featured Bobby Keith and Jimmy Meisenbach where the reporter went out and watched how they did piledriving with steam engines. Many of Bobby's peers felt that he was the best spool tender ever. He clearly made the job looked easy as noted by the reporter in the Bay Crossings article. He was very safety conscious. It's a very important job and he was always looking for ways to work smarter and make the jobs more efficient. He had a great sense of humor. He's very proud and dedicated to his wife and he was always respectful and courteous. She had a chance to speak with him on several occasions. The news came as a big shock. He was also very dedicated to working with hospice and animals. He will be missed by all of us. Ms. Moyer was very touched with his service to the Port. He's a young man and it's a difficult loss for the Port.

- Tenant Assessment Proposal for Pier 35 through Aquatic Park: Approximately a year ago, the non-Port tenants in Fisherman's Wharf formed a community benefit

district in the Fisherman's Wharf area. One of the caveats of that formation is that the district includes Port tenants by the end of this calendar year. It's currently in the first of a two-phase process. The first being a petition process and about 52% of the Port tenants have petitioned the Board of Supervisors to form the district. Once the petition is successfully made, it will go to a vote of all the Portwide tenants. The boundaries of the district run from the north side of Pier 35 all the way up through Fisherman's Wharf. The purpose of the benefit district would be to raise funds for marketing, planning and cleaning of the area which gets a high population of people everyday which creates unique needs and a desire to brand the area and market it in a new way. It's a very important district to establish. The next step is that a resolution of intent will be adopted by the Board of Supervisors which will occur later this month. They would adopt a resolution of intent to form the district then ballots will be sent out and held over in October and November. The votes would come back to the Board of Supervisors and a 50% majority would create the Central Business District. Under our leases, taxes are the responsibility of our tenants. This would be a responsibility not of the Port but of the tenants themselves. A year or so ago, the Port Commission agreed that we would pass our voting rights through to the tenants since they are the tax payers.

- Fleet Week Celebration – October 6 to 11, 2006: Fleet Week was a raging success. Ms. Moyer thanked almost everybody in the room for their participation in the event that is still ongoing and in its final stage. Six of the Navy ships, 3 Canadian ships and one Coast Guard Cutter will be departing in the next two days. The USS Nimitz which is in Anchorage 9 houses 5,000 personnel, bigger than our current cruise vessels. The sailors have been walking up and down the waterfront in and out of uniform. It's been incredible to have 5,000 visitors from one ship alone plus the visitors of the other ships and the visitors that came in the City to enjoy Fleet Week. The USS Nimitz will be at sea for the next 23 days before they return to San Diego. They are going out to practice, launching their aircraft and they have a squadron of both Navy and Marine aircraft on board. It is a fascinating ship and the Port is glad to have them here this year as well as welcome back the Blue Angels and the Red Bulls. She was told that when the USS Nimitz came in under the Golden Gate Bridge, traffic came to a dead stop to watch what was going on. When she happened to be on the bridge on Sunday, she noticed that people were literally camped out waiting for the Blue Angels to perform. It's amazing to see people all over the waterfront and the rooftops. She did not get any complaints about noise. She thanked all for their participation. As part of the Fleet Week ceremonies, Vice Admiral Barry Castello, commander of the Third Fleet, presented the Port with a beautiful clock, which we would be very proud to display.

  Commissioner Lazarus asked if he gave the Port credit for the beautiful weather. Ms. Moyer replied that the Department of Defense ordered that on our behalf. Nonetheless it was a great weekend but rather nerve wracking on Friday. It was actually snowing in Yosemite and the Sierras. We were lucky to have such fantastic weather.

- Cruise Terminal Blue Ribbon Committee: Port staff has put together a list of folks that we hope will be helpful to the Port. However, not all of them have actually agreed to be on the committee. Most and foremost, we are honored to have Bruce Krumrine, the director of operations for Princess Cruises, who agreed to come up from the Santa Clarita area to help staff with this endeavor. She thanked Dean Brown and Princess Cruises for allowing us that incredible resource. Just calling and getting them to give up their time is really meaningful to Port staff. We are touched to have him. We are also asking Karen Alschuler from SMWM. She does incredible planning work around the City and has great vision. Redmond Kernan who has his own consulting service and a board member of SPUR. Steve Falk has agreed to participate. He is the executive director of the Chamber of Commerce. We are asking Joe D'Alessandro, the Executive Director of the Convention and Visitors Bureau, but he is out of town. Steve informed her that they talk frequently about our terminal in open and closed sessions of their board and he is certain that Joe will agree to do it even though Joe has been on the job only two months. Joe would be fantastic to have since he comes from Portland where they have a big Port presence, $50 million in tax money. Frankie Lee, a former Port Commissioner, who is the CEO of SOHA, would serve in the engineering capacity. Through the magic of persuasion, we are going to have Gunnar Lundeberg who is with the Sailors Union of the Pacific who assures her that he absolutely has no time but he knows that his predecessor and former colleague would require him to be there. He said it is his obligation to be present and he is glad to accept. Ben Rosenfeld from the City Administrator's office who is the arm that now controls the debt of the City. He's a very important person to have invested in our project. Phil Crannell, our cruise consultant, is also on board. We will probably have a public finance consultant and a public/private development consultant from one of the economic consulting firm. We are looking forward to a 6-month process. Given the caliber of the folks on the panel, we should be able to get right to the heart of the issues and devise the plan for moving forward. She's still getting calls from developers who are interested. What that means is unclear but there's still hope for the developer community that they could do something out at Pier 30-32.

- Commendation for Commissioner Wilfred Hsu: Staff was going to recognize Commissioner Hsu for his service to the Port at this meeting; unfortunately, he is ill. His office, on his behalf, has pledged that Commissioner Hsu will be here at our next meeting so we can recognize him for his contributions to the Port. The Board of Supervisors did not meet today as we had originally thought. Rodney Fong's nomination would not go to the board until next week. She believes that it will go on consent item from the Rules Committee. We will be looking to the Mayor to fill our last spot on the Commission.

- Pier 31½ Alcatraz Ferry Service: As you know the Mayor's office and Nancy Pelosi's office were holding round-the-clock meetings to help get the two sides to the table and come forward with a plan. They have not led to a negotiated agreement and the cooling off period that the Mayor requested expired this past Wednesday. There was a labor action at the Port for the first time in a long time. It's a very unpleasant experience. Port staff is not happy with the current

situation. There had been labor actions the last three days running and we expect that to continue. It's hard to say what will happen next but it doesn't look like anything solid is going to happen in the coming days. She talked to Marina Secchitano this afternoon and she was not optimistic at all. On Sunday, October 8, Marina and Ray Shipway were arrested for civil disobedience. They have formed a line across the driveway which could not be traversed. A number of people were detained by the police but were let go. It's very serious and a very difficult place for Port staff to work let alone for our clienteles to get by the sidewalk and to have a nice experience either at Pier 31½ or at Pier 35 or anywhere else on the waterfront. It's very troubling to the Port and the lack of leadership coming from the Park Services is rather astounding but Congresswoman Pelosi keeps trying her best as does Mayor Newsom.

Commissioner Hardeman indicated that when he was watching the news, it was reported that the fares to Alcatraz will be going up to $27 effective November 1, 2006. That was the first time he's heard of it and asked if that was true. Ms. Moyer replied that she does not know the exact rate but as part of the award of the contract to Hornblower, there was going to be a fare increase. There was a fare increase already, while Blue & Gold held the contract because it was the Park Service's idea that would create a severance fund for the employees that would be terminated. She was not privy to that negotiation. The Port has not had any opportunity to negotiate anything with Hornblower. Furthermore, they have rent credits at Pier 3 which have always counted against the revenues they earn at Pier 31½ which now includes Alcatraz, which of course was not the vision when that deal was negotiated. In addition to the Port not receiving cash income from Alcatraz, we've also expended a fair amount of our resources in order to facilitate the cruise terminal for a couple of days. When the service first started, we moved the ILWU employees parking. We closed down a revenue generating parking lot in order to accommodate them. Port staff including Real Estate, Maritime, Engineering, legal counsel, were out there round the clock dealing with different issues, trying desperately to get our arms around this but the information is still not forthcoming. As she mentioned at the last meeting, Terry MacRae has assumed the ownership of Crossing the Bar and he still has not provided us with any formal notification despite our request. It's a very difficult and unrewarding situation. They're allowing their busses to stop in the lane of traffic which not only creates a safety hazard but it creates an impact. She noticed that they are using federal marshals to park in our meters to make sure that their busses have a place to deposit their passengers. Our taxi lines for Pier 35 have to jog around the federal police. It's rather egregious. It's certainly not a good neighbor policy.

Commissioner Lazarus asked if this situation can be remedied. Ms. Moyer replied that she does now know of anyone willing to write the federal marshals a ticket including her. She does not have the authority. We've asked the busses and we'll ask the SFPD again. SFPD is the only entity in the City that can write a moving violation and we will ask them to assist us with that. It's been rather chaotic and just as we spent the summer not getting any information and cooperation we continue to not get information and cooperation on that level.

B. Informational presentation regarding the City's bid for the 2016 Summer Olympics.

Monique Moyer indicated that Commissioner Hardeman requested that the Mayor's office make a presentation to the Commission regarding the City's bid for the 2016 Olympics. Kyri McClellan from the Mayor's Office of Economic and Workforce Development (MOEWD) will be presenting the City's plan for the 2016 Olympics.

Kyri McClellan introduced Scott Gibbons, managing director for the bid committee. They will provide the Commission an overview of their plan and allow the Commission an opportunity to ask questions. She thanked the Commission and staff for their help in securing a venue when the United States Olympic Committee (USOC) was in town in August. A small USOC group came to provide the Mayor's office some feedback. They wanted a wonderful venue to share with the beauty of the City and have a meaningful meeting. The meeting was conducted in the Port Commission Hearing Room with them looking out on Treasure Island. She thanked Port staff for their help in coordinating that meeting. San Francisco is one of three cities being considered by the USOC for a 2016 Summer Olympic and Paralympic Games bid. The USOC has not yet decided as to whether or not they are going to put forth a bid but they are evaluating candidate cities. They also have favorable information in terms of the community's interest in holding the games in the City. They recently did a poll and 77% of the people in the Bay Area believe hosting the Olympic Games would be a good thing. There's strong faith in the development for transportation as well as the economy in preparing for the games. Although this is a very early point in the process, they have received strong support. They are building on the foundation and good work that was done in 2012 and evolving their proposal as well. Under the Mayor's direction, a local committee has been formed and Scott Gibbons is the director of that committee. Mr. Gibbons has been involved in a number of Olympic Games as well as working for the International Olympic Committee (IOC).

Scott Gibbons indicated that he has had the great fortune of working on five Olympic Games in his career and he calls the City his home. The chance to help bring the Olympic Games to a city that is incredible is just a dream. Olympic Games will bring 16,000 of the world's best athletes and officials from 200 countries, speaking every language on the planet to our City. 20,000 broadcasters and members of the media will join us. About 250,000 out of town visitors will come out at game's time for the games and 7 million spectators. Folks from our local communities, from out of town will get to enjoy 7 million tickets to the 17 days of the games. The games are run by volunteers. 60,000 volunteers will help to make the games successful, the largest core of volunteers for any endeavor in one city. There will be 5,000 person professional staff at game's time and they're engaged in a 3-year campaign to win the right to host the games followed by about 7 years to organize the games. This is a competition between Chicago, Los Angeles and San Francisco and the Bay area. There are four parts of that competition: Request for information, a questionnaire that they recently completed. They will do a detailed bid book that has more of an evolution of their plans. The USOC will come for a site visit and evaluate the City and look at their plans and present to their executive board in April. They expect a decision on which City it is to represent the United States in April 2007. That begins an international bid phase that last two years from July 2007 to October 2009 with many of the same

processes. The USOC has asked them to complete the same process as the IOC will do in the international level to help them refine and develop their plan. They will go through a questionnaire, a bid book, a site evaluation trip and a large presentation in Copenhagen where the decision will be made in October 2009. They have great support. 86% of San Francisco executives believe that we should bid for the Olympic and Paralympic Games. San Franciscans and the bay area are city of folks that watch sports. We're the #1 rated market of all major markets for NBC; the last three Olympic Games, summer and winter. This is a city where folks watch sports. This is also a city rated the healthiest by Men's Health Magazine and a number of publications, the most runners per capita, and the most cyclists per capita. It's an active sporting city as well. 77% of people polled thought it would be good for San Francisco to bring the games to the City.

He gave a brief hint of their plan which is in the very early stage. This is an iconic city for sport. Part of the great promise they have to the USOC and eventually to the IOC is a great city. Imagine sailing on our beautiful waters and around our bay. Imagine rowing in some of the reservoirs that surround our city. Imagine cycling through the iconic streets and around the iconic landmarks that make San Francisco so special. What would we be without a triathlon in front of Alcatraz or nearby so you can imagine a great Olympic triathlon on the waters of Alcatraz. Finally, a marathon like none other beginning on the Golden Gate Bridge and running into the city. They announced the configuration for the proposed 49ers stadium and the way it might look during games' time hosting the Olympics game in San Francisco. We are a city filled with Olympic dreams and it's their pleasure to represent the City and they will work very hard to try to bring the Olympic Games here.

Commissioner Hardeman asked about the tentative housing proposal in the Bayview District. Mr. Gibbons replied that they are still evaluating a couple site for an Olympic village. They haven't formally announced where the village will be. They will be working on that the next couple of months. Commissioner Hardeman indicated that the plan sounds wonderful. Mr. Gibbons indicated that they are excited and couldn't imagine a better city for it.

Commissioner Lazarus indicated that if there's anything the Port can do to help, let us know.

Kyri McClellan indicated that on terms of help, the USOC is evaluating each City's ability to deliver its assets. As their plan evolves and they get more certainty on the venues, the envision using AT&T Park, the waterfront in wonderful ways in as much as sports uses the waterfront for the San Francisco Marathon and other existing events. As they get more certainty, they would love to come back and have the Commission consider a letter of support or a resolution that demonstrates that the Commission is interested in having their bid go forward and working with staff on the games' vision in subsequent meetings as appropriate.

Commissioner Hardeman inquired if there is any possibility for the Commission to endorse this proposal without the actual facts or endorsing a resolution of intent to support the Olympic Games without having the specifics.

Legal Counsel Robert Bryan replied that he does not see any legal problem with the Port giving a general endorsement for the Olympics but it can't be done today because there is no action calendared for this item.

Ms. Moyer asked if the Commission would like staff to bring this item back for action at the next meeting. Commissioner Hardeman replied affirmatively and added that he intends to support the proposal and he would like to see how the other commissioners feel about it as well. He's sure that it has nothing but positive for the Port. Ms. Moyer replied that we will bring back this proposal at the next meeting and staff will work with Kyri McClellan.

C. Informational presentation on proposed amendment to the Port Commission Rules of Order to reflect the addition of Article VI – Attendance at Meetings.

Monique Moyer indicated that we had an item on the forward calendar to have the Commission adopt an amendment to the By-Laws to reflect both the Board of Supervisors and the Mayor's requests that there be attendance standards for Commissions. Apparently, there are Commissions where attendance is a question. It certainly has not been a question at the Port. Assuming that the Commission will not have too much of a problem with it, she wanted to put it on the calendar today as an informational item because once we bring it to the Commission as an action item in November 14, 2006, the amended By-Laws have to be available ten days in advance. She wanted to see if there are any amendments the Commission would like to make to the By-Laws and to see how the Commission feels about the proposed language from the Mayor. Included in the staff report was a copy of the Mayor's letter and effectively, what he would like to see the City commissions do is to have a process for excused absences which would require each commissioner that can't be present to call the Commission President to be excused. If there is a pattern of unexcused attendance by any commissioner within the city that pattern be reported back to the Mayor who is the appointing officer for commissioners and wants to make sure that his appointees are serving in the role that he'd like to do. That's the proposed language that we would fold into the By Laws, if that's amenable to all of the Commission. Staff would like to finalize this item by the beginning of November.

Commissioner Hardeman commented that it's a good idea.

Commissioner Lazarus asked if there is a reason why she is not understanding about why the Commissioner who's going to miss a meeting would contact the Commission President and not the Port Commission Secretary. Ms. Moyer replied that it varies from commission to commission how the Commissioners communicate with each other. The Mayor selected the President as the highest ranking person. In our By-Laws, she's sure that the Mayor would be amenable to having it be the Commission Secretary. That was more a caveat for commissions that operate a little bit differently than the Port.

Commissioner Lazarus indicated that seems to be a bit more practical because among other things, the Commission Secretary keeps track of who's attending and if there are any quorum issues. Ms. Moyer indicated that we will change it to say the Commission Secretary shall be contacted instead of the Commission President.

Ms. Moyer indicated that she's sure that is not going to be an issue. It's a formality and a difference suggestion more than a practicality.

Commissioner Lazarus indicated that Ms. Moyer had raised perhaps additional flexibility around the number of meetings. She asked if that was something that the executive director would like the Commission to consider at this time. Ms. Moyer indicated that she has not yet discussed this matter with her colleagues. As you know we have a fairly light calendar today. This is one of those months where we have two meetings a month. Her personal experience has been that when we meet only once a month, we tend to move towards the goal of whatever that meeting is, not just by Port staff but on the items that we are working with external parties. The fact that it's only a two-week delay versus a monthly delay allows things to be more flexible. She'd like to visit with the senior management of the Port first to get their take on this issue. She knows that not only is it hard to get the items together for one meeting but it creates a lot of pressure on the Commission to have a little bit longer meeting. One of the reason we went to the staggered schedule in the first place was we were finding that there were times in the year where we had meetings that we either cancel or probably not worth the expense given the depth of the calendar.

Commissioner Lazarus indicated that a related question would be to counsel that the current resolution specifies exactly which months we'll have two and which ones we'll have one. She asked if it could be written to be a bit more flexible because we still have notice requirements for each meeting. She's wondering if we can draft it so that we have the option on a given month to have a meeting or not have a second meeting. Legal Counsel Bryan replied that is probably correct but he would like to get a little bit more time to consider that matter.

4. MARITIME

A. Informational presentation regarding the Feasibility and Status of Shoreside Power for Cruise Ships at the Port of San Francisco and the success of Shoreside Power for Cruise Ships in Juneau, Alaska and Seattle, Washington.

Jay Ach, Maritime Division, indicated that Tom Dow, Carnival Corporation's Vice President of Public Affairs, will be providing the Commission some information on Carnival and Princess Lines experiences with shoreside power in Juneau, Alaska and Seattle, Washington. The Port Commission in June 2003 authorized Port staff to set up the Cruise Terminal Environmental Advisory Committee (CTEAC). They began meeting in September 2003 and followed their first couple of meetings with CTEAC with a two-day Cruise 101 workshop in January 2004. Since then, they met monthly for about 2 years and just recently switched to their quarterly meeting schedule. CTEAC has been meeting regularly to look at topics above and beyond what was required from the Port in the environmental documentation that pertains to the proposed terminal at Pier 30-32. CTEAC had both air and water components. They looked at a host of issues on both subjects. On the air side, they looked at a number of technologies such as engine modifications of cruise ships, fuel additives, and different fuel types. Resulting from these discussions, Port staff applied for and received a $100,000 grant from the EPA last year to provide incentives to the cruise industry to

use low sulfur fuel on a trial basis in San Francisco Bay. The cruise industry took us up on those incentives. As a result, sulfur dioxide emissions from cruise ships were reduced by over 20 tons and particulate emissions were reduced by over 800 pounds during the period of the grant. Another promising method to reduce air pollution is shoreside power. Shoreside power is when a cruise ship pulls into berth and plugs into the power grid and by doing so, they are able to turn off their engines. Normally, cruise ships generate their own power for electricity, air conditioning, etc. by running their engines to power generators. With shoreside power, they can turn off their engines completely and as soon as the engines are off, they are generating zero emissions. Plugging a cruise ship into the power grid takes a bit of engineering and design to make it feasible. As a result, CTEAC commissioned an independent consultant's report to evaluate the feasibility of shoreside power. They determined that while shoreside power was technically feasible, it was questionable as to whether a shoreside power set up in San Francisco would meet the State threshold of economic viability. There is a State dollar per ton figure that's used to judge the relative merits of air pollution mitigation. Meeting this or not is entirely dependent upon how many ships that come to the can plug into the system. In Juneau and Seattle, they have a dedicated fleet in the summer that goes through the Port all the time. They are set up to utilize shoreside power and it works well at those ports. Because San Francisco has a fleet that is more transitory in nature, it's more difficult to make it all pencil out. In essence, we have sort of a chicken and an egg approach where it's difficult to invest in shoreside power without having a fleet there but the cruise lines are not necessarily willing to invest the $200,000-$400,000 per ship it cost to upgrade their ships without knowing that there will be ports like San Francisco where they can plug in. At the direction of our Port director, despite the somewhat equivocal nature of this report, Port staff has continued to work with San Francisco PUC, PG&E and Carnival Corporation to figure out how we can make this work in San Francisco. The key to all this came on July 11, 2006 when Tom Dow gave a presentation to the SFPUC Commissioners without prompting the Commissioner's voice to their staff, that they would like their staff to support the Port of San Francisco both technically and financially in bringing shoreside power to the Port of San Francisco. We were elated and felt that it was a bit ironic in that with the problems facing the new cruise terminal that we seemingly went from a situation of having a cruise terminal and no shoreside power to now potentially having shoreside power and no new cruise terminal. PUC has been incredibly flexible and said that they would be interested in helping the Port bring shoreside power to our existing terminal at Pier 35 as an inter-measure. Last month, Tom Dow came out to the Port along with a consulting engineer. They met with PUC and PG&E staff, did a walk through of Pier 35 and did a preliminary evaluation of where and how we might get shoreside power installed. He thanked Tom Dow, Dean Brown from Princess Lines and also Carnival Corporation. Tom has been integral in making CTEAC a success. He has done an incredible job at providing a lot of technical operational details about how cruise ships work, both on the water side, the engine side, air pollution and water pollution issues. He has been integral to the success of CTEAC.

Tom Dow, Princess Cruises, indicated that Dean Brown whom he had a pleasure of working with at Princess for 13 years, ten with Princess and the last 3 with Carnival. Mr. Brown is pleased to be here as well. Princess was involved in developing shoreside power for cruise ships in two places: Juneau and Seattle where they are now in place. Their sister company, Holland America Line, has completed a second

installation in Seattle. There is now three places on the West Coast – two in Seattle and one in Juneau. What these have in common and what they have been working towards in San Francisco is developing a successful project which they think takes the following five criteria:

1. Availability of a supply of electricity at a reasonable cost. They have been working with PUC. They are not quite there yet but they are encouraged that PUC will make available to them the power from Hetch Hetchy. They think they can negotiate a reasonable cost for it.

2. Frequency of calls. As Jay mentioned, this is a bit of a challenge. The good news is that the Princess ships that are coming to San Francisco are already equipped to connect to shoreside power. It doesn't require a special installation for those vessels. Their experience has been that others coming along on the West Coast, there will be more ships that are equipped with the same kind of hardware that are compatible with the system they are thinking about.

3. Availability of the same dock and pier facility for the vessels for every call.

4. Adequate dock and uplands space for equipment.

5. Willing partners including utility, port and government agencies. They have a wiling partner with the Port. They work closely with Monique Moyer, Peter Dailey, Jay Ach, John Doll and Michael Nerney and others for several years. They have good actual cooperation and no fist fights between the PUC and PG&E. Clearly they all have a role on this. It's important that we all work together.

Power is transmitted from an onshore substation equipped with a dual voltage transformer that will supply power to 11kV or 6.6 kV class ships. It is an industrial strength of plugging in an extension cord. It's not different from what yachts do in a small marina. It's quite unique and that the loads are large and they need to synchronize with the utility so that power can be transferred without a blackout. The modern ships have a lot of computers and other sensitive electronic gear, breakers and other protective devices of conservative engineering design so they have to make sure that they are properly grounded. The first one was developed in Juneau. He showed a picture of an outside substation that was across the road and up the hill from the cruise dock. The cable that was used evolved out of the mining industry. It's a very tough cable that is insulated for weather protection, etc. In Juneau, they have an elaborate system for the final connection which includes a bridge apparatus, a gantry system that allows for title changes which are very significant in Juneau. They are somewhat significant here but less so than in Juneau. The timing was about six months from the time they gave the notice to proceed until they were ready to go on line. The hard work is getting everybody to agree on what to do and figuring out who is going to take what role, who is going to pay for it and how much it's going to cost. When you get that out of the way, doing it can happen fairly quickly. This is a 6 to 9 month project from the time that they have a green light. It could stretch out to 12 months. In Juneau, the total annual shore power consumption is 11-12 GWH. The loads are from 7-11 megawatts i.e. 7,000 to 11,000 kilowatt hours. Usually, the ships

are on port for about 10 hours. They plan on a 10-hour port call, which is the standard for programming it. In Seattle, the second project is more similar of what the project would look like at Pier 35 where you have an open container dock, a large facility. Part of this is uplands in Seattle where most of the dock is over the water in San Francisco. The cable is trenched in. What they did in Seattle was pre-fabricate a great deal of the equipment. It's the same type of service, dual voltage so that depending on ship size, you can use a 6.6 or 11 KV. The components are basically the same, power cables, metering equipment, grounding switch, etc. He showed a picture of the installation. It's a clean installation, up against a fence. It happens to be across the road from a power line so that service drop was pretty straight forward. The gear in the grey boxes can be stacked to reduce the footprint because the weight is not heavy. What's in the middle, the transformer, is quite heavy so it has to go on ground level. There is a heavier base to reflect that. Most are pre-fabricated. Since they know enough about this, the third time around, the actual field installation will be less expensive if most will be pre-fabricated. In the field, all they have to do is connect the components. The real savings in Seattle was that instead of the big gantry crane system, they went to a power cable winch which is basically a davit with an overhead crane and they saved over a $1 million. They think that the same kind of installation can be used in San Francisco. That is something that can be taken down and stored in the winter or moved if it's not being used. Installation is fairly straight forward. Once the facility is up, there is a commissioning process. It's not as quick as hooking up a building because if there is any glitch, you have to come back a week later and retest it when the ship is back. This start-up mode may take several weeks or a month. Once that's done, they found that it runs pretty smoothly. On the ship, there's a key that's controlled by an officer to energize it (red & green light - on and off switch). The shipboard connection system includes a control and a communications line as well as the power lines. There are a lot of things to protect in case the ship moves and it disconnects so that you don't have any sparks flying. For the two installations in Seattle, they first started talking about the design in May 2004, started construction in February 2005 and commissioned in June 2005. It was a one-year project from concept to start-up. It was shorter than that for the second installation. The design started in December 2005 and in June 2006, the construction was complete. It's a great way to get to zero in terms of air emissions. It is very well received in the communities where they've done business. There's not a lot of commercial benefit on this. Utility does not make more money because they are selling them power instead of somebody else. They are trying to get this at a cost that is reasonably close to the fuel cost that they are burning anyway. They are not saving anything on it. The Port is not saving any money or making any money but the residents and the community benefit. It takes a great deal of emissions out of the air shed. From that standpoint, there is a real beneficiary to it. They are encouraged. They want to keep moving forward and work with PG&E, PUC and the Port on this project. They think it's possible. They have done some preliminary investigation and they've commissioned some conceptual design for how they could fit this into Pier 35. They think it is possible. It could be relocated to Pier 30-32 at such time that it is ready to go over there. They are doing that in Seattle. They are relocating it from one pier to the other this year.

Commissioner Lazarus asked about the approximate capital cost for the installation. Mr. Dow replied that the estimate at Pier 35 was $2.5 million, assuming that PG&E

was going to be coming in with a new electric service and there wouldn't be much additional incremental cost to bring the power to the door. They don't have that part quite worked out but it's a little simpler construction in some ways at Pier 35 because it's indoors. The notion they have right now is to tuck it into a corner of the building, stack, fence and ventilate it. The conduit can be done inside which is more straight forward construction, a little easier to do.

Commissioner Lazarus asked if the cost is comparable to Juneau and/or Seattle. Mr. Dow replied that it's a little higher than Seattle but it's substantially less than Juneau. Juneau was the first hand held computer. The cost is coming down as you get better at it mainly because a lot of the work was done outside with the field assembly instead of pre-fabricating under a factory controlled condition and hooking it up.

Commissioner Lazarus asked how long the hook up takes once the ship docks. Mr. Dow replied that it takes about 20 minutes. The transfer of power takes only a couple of minutes.

Commissioner Lazarus indicated that Mr. Dow had answered the question when he said that it's intended to be revenue or cost neutral. If there are two ships coming in and both are equipped for it, it doesn't matter which one ties up because there will be the same net effect and we're not benefiting or disadvantaging a particular ship. Mr. Dow replied affirmatively and added that they have discussed how many of these things they need and the answer is to start with one. There might be a few days a year where we could use two but it's tough enough capital or hurdle to overcome with just one. They think that one would take care of 90% of the potential. If for any reason, the power is not available that day, there is a disruption in line transmission or a cable gets cut, etc. the ship can continue to operate on some power. It's not a catastrophe if the power is not available.

Commissioner Hardeman indicated that as a former PUC Commissioner, it has always bothered him that we can't just give power to ourselves. Why can't the city arrange something so we don't have to pay the huge electric bills? As part of their generosity, he hopes that PUC is looking at reducing the megawatts down to the lowest denominator as possible. Mr. Dow indicated that they are diligently working with PUC on that matter. Because this is a special situation, it's a big load, it's only here a few days a year and it's interruptible. If for any reason they couldn't service because of drought, the reservoirs are low, the transmission line was down, or somebody needs the power more, etc. they don't have to have it. Therefore, they think that's the basis for their negotiating array. PUC is amenable to that. They don't have it nailed down yet but they are hopeful.

5. REAL ESTATE

A. Informational presentation regarding the Memorandum of Understanding with the Entertainment Commission concerning entertainment permits on Port property.

Jeffrey Bauer, Senior Property Manager, indicated that following a Civil Grand Jury recommendation, the Entertainment Commission was formed and assumed the

responsibilities previously held by the San Francisco Police Department for issuance of entertainment related permits such as loud speakers, place of entertainment, after-hours permits. Following the formation of this commission, the Port chose to delegate the authority to issue such permits to the Entertainment Commission by drafting and executing a one-year MOU that was effective July 2004. Port staff initially had several challenges working with the Entertainment Commission and they received significant feedback from our waterfront neighbors regarding some permittees, most notably Kelly's Mission Rock. Issues included enforcement actions or revocation of permits, modifying entertainment permits and some non-adherence to established Port policies. However, in the past 12 months, communication and cooperation has significantly improved. The 2004 MOU is continuing on a month-to-month basis. In drafting the new MOU, staff is attempting to strengthen the Port's proprietary role for the use of Port property including drafting new leases that would enable revocation of certain entertainment permit uses under certain circumstances. Port staff is also considering applying the good neighbor policy. This policy was developed pursuant to the Waterfront Land Use Plan for the South Beach area to the conditions of permits regardless of their location on Port property. Port staff has sought input from various stakeholder groups and informal presentations. Staff intend to return to the Commission with final results from the community outreach and the proposed MOU later this month.

Ernestine Weiss indicated that this subject is very sensitive to the Golden Gateway neighborhood because at one time, there was an event at the Port when the band played until 1 a.m. She's hoping that the Commission would keep this in mind when they set up the rules because this is not an industrial area.

6. NEW BUSINESS / AGENDA SETTING

Ms. Moyer indicated that there are a couple of presentations at the October 24, 2006 Commission meeting. Staff is hopeful to bring to the Commission a finalized MOU with the Entertainment Commission. Staff is still negotiating it to make sure that our objectives do not override the statutory requirements that create the Entertainment Commission. Staff will be presenting to the Commission the lease negotiations with the Bar Pilots which has been successful. They have taken a vote and a tenant improvement policy and a couple of other pieces of information or action items related to the Illinois Street Bridge. Staff is hopeful to present to the Commission a financial proposal from the Shorenstein/Farallon group for Piers 27-31. Staff is still negotiating relatively, diligently and daily. We're very close but we haven't completed the negotiations. It is our hope that they can be ready on October 24. Several months ago, the Commission received an informational presentation about the Abraham Lincoln Brigade which is the memorial to be placed at the back of Justin Herman Plaza. It has gone through all the representative processes and staff will be bringing it back to the Commission for a decision on October 24 as well as an action item for the Water Transit Authority at Pier 9. Staff is forecasting that they will agree to all of our terms and we will be able to present the transaction in November.
Commissioner Lazarus indicated that she and Commissioner Hardeman have the same obligation to attend to on October 24, 2006. They talked about the possibility of starting the meeting early. Ms. Moyer indicated that based on the calendar we have right now, we should start early. Things have a way of slipping but if everything comes forward, we would definitely start as early as possible.

7. PUBLIC COMMENT

Ray Shipway, Master Mates and Pilots, dispelled some of the rumors that their negotiations are over with Hornblower with regard to the two unions that are involved in negotiating with Hornblower. They are definitely ongoing; however, they are stalled at this particular juncture. Hopefully, they will get those back on line. They've seen fit that they have to take some of their actions to the street and they've done just that. One of the rumors going around is that Mr. MacRae is telling the press that he's hired their union workers when, in fact, he's hired approximately ten union workers, some of whom did not previously work at Blue & Gold. They are all working part time; they are not engaged in any full-time employment at this time. A couple of their maintenance workers have been interviewed but they have not been hired. The first weekend of operations ended up with a sewage spill on Alcatraz Island. It's tough to run with a brand new group. The five captains that were expressly talked about with regard to this run because they were the senior and the most experienced people were never interviewed. The people that were interviewed were junior people, with no seniority or captains that have not moved up to the wheel house yet at Blue & Gold. With regard to the Service Contract Act (SCA) issue, they understand that they are making their employees pay for parking. They are part time workers and one of the benefits according to the SCA was free parking. They are working with reclassification of jobs. They have several problems that they are working through with regard to the SCA or bringing forward to Judge Wilkins who issued the first injunction that they had to pay the SCA. With regard to their situation on the waterfront, there was a State police down there with all the blockades. They tried to cover it up with bunting. Those are SFPD blockades. They have extra police and security at the site and bomb sniffing dogs. The federal police are even present on the docks. It looks like the Park Services annexed the Port of San Francisco property. This has been unprecedented. The ticket prices have gone up from $18 to $27 an hour starting in November 2006. Nobody understood why that came about but that's going directly to Alcatraz Cruises or Hornblower. There has been no public comment or recommendation one way or another but that increase is going through.

Commissioner Hardeman asked when they used to charge $14. Captain Shipway replied that last year at this time, it was $16.25. When the Hornblower took over the service on September 25, 2006, it was increased to $18.75. The precedent had been for the previous people to, begrudgingly, get an increase of $.75 per hour on tickets.

Commissioner Hardeman asked if there were any SFPD on the premises. Captain Shipway replied that there were many SFPD police at the site. Ms. Moyer indicated that there were 10B officers on the promenade. Captain Shipway confirmed that there were SFPD and State Police on the pier.

8. COMMUNICATIONS

9. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Brandon moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor

At 4:10 p.m., the Commission withdrew to executive session to discuss the following:

B. CLOSED SESSION

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTERS. (Discussion and Action Items)

a. Discuss existing litigation matters pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d):

- Specialty Crushing, Inc. (debtor) (U.S. Bankruptcy Court, Northern District of California, Oakland Division, Case No. 05-43167) (Discussion Item)

- Platte River Insurance Company v. City and County of San Francisco (San Francisco Superior Court Case No. CGC-05-446355) (Discussion Item)

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative.*

a. Property: Piers 27-31
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
SF Piers LLC: Tom Hart and Rocky Fried

(3) PUBLIC EMPLOYEE APPOINTMENT – This is specifically authorized under California Government Code Section 54957.

a. Consideration and Possible Action on Public Employee Appointment-Deputy Director of Port.

10. RECONVENE IN OPEN SESSION

At 4:45 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Hardeman moved approval to adjourn executive session and reconvene in open session; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon moved approval to not disclose any information discussed in executive session except that the Commission approved hiring Susan Reynolds as the Deputy Director of the Port; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

11. ADJOURNMENT

ACTION: Commissioner Brandon moved approval to adjourn the meeting; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

Commission President Ann Lazarus adjourned the meeting at 4:48 p.m.

SAN FRANCISCO PORT COMMISSION

Ann Lazarus, President
Kimberly Brandon, Vice President
Michael Hardeman, Commissioner
Wilfred Hsu, Commissioner

Monique Moyer, Executive Director
Phone: 415-274-0400; Fax: 415-274-0412

Amy Quesada, Commission Secretary
Phone: 415-274-0406; Fax: 415-274-0412

PLEASE NOTE THE TIME OF THE MEETING

AGENDA
SPECIAL MEETING
2:00 P.M. TUESDAY, OCTOBER 24, 2006

PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

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The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.

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1. **CALL TO ORDER / ROLL CALL**

2. **APPROVAL OF MINUTES** - October 10, 2006

3. **EXECUTIVE**

   A. Executive Director's Report
   - Passing of former Port Employee Henry Williams
   - Lonnie Alfano's Retirement
   - Pier 1½, 3 & 5 Grand Opening – November 15, 2006 from 11 a.m. to 1 p.m.
   - Commendation for Commissioner Wilfred Hsu

4. **CONSENT**

   A. Request approval to enter into a license agreement with Delancey Street Foundation for the Christmas tree lot located at Pier 30/32 at a rental rate below that which was approved by the Port Commission in 2006. (Resolution No. 06-76)

5. **MARITIME**

   A. Informational Presentation on Proposed Lease with the San Francisco Bay Bar Pilots for Pier 9 located at Embarcadero and Broadway.

6. PLANNING & DEVELOPMENT

A. Request approval to extend the Term by 60 days of the Amended and Restated Exclusive Negotiation Agreement ("Amended ENA") with SF Piers LLC for the Piers 27-31 Mixed-Use Recreation Project; Request approval to execute Second Amendment to the Amended ENA extending the Term and Certain Benchmark Deadlines (Site Location: The Embarcadero between Francisco and Battery Streets) (Resolution No. 06-77)

B. Informational Presentation by SF Piers LLC of its proposed development plan and its financial proposal for the Piers 27-31 Mixed-Use Recreation Project.

7. ENGINEERING

A. Request authorization for staff to enter into Master Contracts with three firms for As-Needed Construction Support Services, for a three-year term, each in an amount not-to-exceed $500,000 with: (1) Maritime Construction Management Coalition (Resolution No. 06-73); (2) BDI/ECS Joint Venture (Resolution No. 06-74); (3) AGS/LEE Joint Venture (Resolution No. 06-75)

8. NEW BUSINESS / AGENDA SETTING

- New Business

- Agenda Setting (Targeted Commission meeting, subject to change)

  - Request approval of Memorandum of Understanding with the Entertainment Commission regarding entertainment permits on Port property (November 14 2006)
  - Informational presentation regarding tenant improvement credits and tenant allowances (November 14, 2006)
  - Request approval of lease with Salt River Construction Corporation at Pier 96 (November 14, 2006)
  - Request approval of resolution endorsing the City's bid for the 2016 Olympic and Paralympic Games (November 14, 2006)
  - Request authorization to award contract for the South Approach to the Illinois Street Bridge Project (November 14, 2006)
  - Request approval of Abraham Lincoln Brigade monument design and placement and approval of MOU with Arts Commission to install and maintain monument, located in the Ferry Building area north of Market Street between the Embarcadero Roadway and Justin Herman Plaza (November 14, 2006)
  - Informational presentation regarding extension of the License for the Black Rock Arts Foundation for 11 additional months to locate the "Passage" sculpture on the east side of the Embarcadero, on the plaza between the Agriculture Building and Pier 14 (November 14, 2006)
  - Request approval of Revised Development Memorandum for Piers 27-31 Mixed-Use Recreation Project (November 14, 2006)

- Request authorization to advertise for Competitive Bids for Construction Contract No. 2713, Pier 52 Boat Launch Project (November 14, 2006)
- Informational presentation regarding As-Needed Contracts, First Quarterly Report FY 2006/07 (November 14, 2006)
- Informational presentation regarding casual landing/excursion berthing rates at the Port of San Francisco (November 14, 2006)
- Informational presentation regarding High Flying Foods/Firewood Cafe lease at 360 Jefferson Street (November 14, 2006)
- Request approval of Sublease Agreement with Barry & Associates at Pier 9 (November 14, 2006)
- Request approval of Bar Pilots lease at Pier 9 (November 14, 2006)
- Request approval of Water Transit Authority's (WTA) lease at Pier 9 (November 14, 2006)
- Request approval of amendment to the Port Commission Rules of Order with regard to Port Commission Attendance at meetings (November 14, 2006)
- Request authorization to increase ferry rates at the Port of San Francisco (November 14, 2006)
- Request approval of First Amendment to Marine Terminal Agreement with Metropolitan Stevedore Company (December 12, 2006)
- Request approval of First Amendment to Berthing Agreement with California Sealift Terminals, Inc. (December 12, 2006)
- Informational presentation regarding Real Estate Broker Fees Policy at the Port of San Francisco (December 12, 2006)
- Quarterly Project Update for the Illinois Street Intermodal Bridge Project (December 12, 2006)
- Request authorization to execute a Contract Modification to the Illinois Street Intermodal Bridge Contract No. 2680 with Shimmick Construction Company, Inc. to Extend the Contract Final Completion Date (December 12, 2006)
- Request authorization to Accept and Expend $1.8 Million in Grant Funds from the State Water Resources Control Board to Fund Fisherman's Wharf Pier 45 Process Water/Storm Water Collection System Improvements (December 12, 2006)
- Request approval of Tri-Party Agreement with Port, the Exploratorium and Baydelta Maritime for lease of space at Pier 17 (January 9, 2007)
- Request authorization to Advertise for Competitive Bids for the Pier 35 Improvements Project, Contract No. 2712 (January 9, 2007)
- Informational presentation regarding Deteriorated Piers and Aprons scheduled for closure and/or demolition (January 9, 2007)
- Request approval of a Memorandum of Understanding with the City's Recreation and Park Department for use of space at Hyde Street (Date to be determined)
- Request approval of a lease amendment with Pacific Marine Dining Yachts at Pier 9 (Date to be determined)
- Informational presentation regarding Backlands Planning (Date to be determined)
- Informational presentation regarding the City's Emergency Text Message Alerting System (Date to be determined)

9. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

10. COMMUNICATIONS

Communications to the Port Commission received from October 6 to October 19, 2006:

- From Eula Walters, regarding the Abraham Lincoln Brigade Memorial behind the Vaillancourt Fountain
- From Port staff, copy of Mayor Newsom's Executive Directive 05-111, Shape Up at Work Strategies
- From Port staff, copy of Mayor Newsom's Executive Directive 06-05, Recycling and Resource Conservation

11. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative.*

a. Property: Piers 27-31
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
SF Piers LLC: Tom Hart and Rocky Fried

Under Negotiation: _____ Price _____Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Piers 27-31.

12. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

13. ADJOURNMENT

OCTOBER/NOVEMBER/DECEMBER 2006
CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
October 24	**2:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**
November 14	**2:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**
December 12	**2:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**

NOTES:

The San Francisco Port Commission meets regularly on the 2nd and 4th Tuesday of the month at 3:00 p.m., unless otherwise noticed. ***The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com.*** Contact Amy Quesada at 274-0406.

The Cruise Terminal Environmental Advisory Committee generally meets the third week of each month. Date and time to be determined. Contact Michael Nerney at 274-0416.

The Environmental Quality Advisory Committee (EQAC) meets regularly on the fourth Thursday of the month at 9:00 a.m. at Scoma's Restaurant, Pier 47 @ Fisherman's Wharf. Contact Jay Ach @ 274-0562.

The Fisherman's Wharf Waterfront Advisory Group meets regularly on the 3rd Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Kirk Bennett @ 274-0545.

The Maritime Commerce Advisory Committee (MCAC) meets on a bi-monthly basis, on the third Thursday of the month, from 11:30 a.m. to 1:30 p.m. @ Pier 1. Contact Jill Rodby @ 274-0519.

The Mission Bay CAC meets regularly on the 2nd Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Tom Evans, Redevelopment Agency, at 749-2539 or tom.evans@sfgov.org for more information.

The Northeast Waterfront Advisory Group meets regularly on the 1st Wednesday of the month at 4:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Kirk Bennett @ 274-0545.

The Central Waterfront Advisory Group meets monthly on an as-needed basis generally on the 3rd Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or via email @ Mark_Paez@sfport.com.

The Rincon Point-South Beach CAC meets regularly on the 3rd Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Tom Evans, Redevelopment Agency, at 749-2539 or tom.evans@sfgov.org for more information.

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david_beaupre@sfport.com.

The Waterfront Design Advisory Committee meets jointly with BCDC's Design Review Board on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. or the Committee meets as needed on the 3rd Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625.

The Port Permit Appeals Committee meets regularly on the first Thursday of June and December of the year. For further information contact Ed Byrne at 274-0570 or Dan Hodapp at 274-0625.

ACCESSIBLE MEETING INFORMATION

Ferry Building: The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets.
C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington St., Folsom St. & Drumm St.

Pier 1:
The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:
In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals. A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Wendy Proctor, Port's ADA Coordinator, at 274-0592, the Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance. Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Frank Darby by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at http://www.sfgov.org/sunshine/

Lobbyist Registration and Reporting Requirements. Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

PORT OF SAN FRANCISCO

MEMORANDUM

October 18, 2006

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Wilfred Hsu

FROM: Monique Moyer
Executive Director

SUBJECT: Approval to enter into a License with Delancey Street for the Christmas Tree Lot located at Pier 30/32 at a rate below that which was approved by the Port Commission in 2006

DIRECTOR'S RECOMMENDATION: APPROVE LICENSE

BACKGROUND

Delancey Street is a non-profit corporation dedicated to personal rehabilitation activities that improve the general quality of life in the City and County of San Francisco. A portion of the revenue necessary to finance this activity has been generated by the sale of Christmas trees at a portion of Pier 30/32. Delancey Street's fees to the Port for the use of 16,960 square feet of space at Pier 30/32 for approximately two months have increased from a total of $300.00 in 2001 to $3,392.00 in 2005.

Port staff, at the request of the Delancey Street Foundation, proposes to maintain the fee for the use of Pier 30/32 as a Christmas tree lot at a total of $3,392.00 for the period of December 6, 2006 to January 5, 2007.

Port of San Francisco Rental Guidelines

In 2006, the Port Commission established a Minimum Monthly Rental Rate Schedule for Fiscal Year 2006-07, attached as Exhibit "A", for Port properties. The minimum rental rate for pier space located in the southern waterfront is $0.20 per square foot per month. By extrapolation, the Delancey Street Foundation's minimum rent for the period of November 6, 2006 to January 5, 2007, as approved by the Port Commission's 2006 Monthly Rental Rate Schedule, would be

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$6,784.00. Delancey Street negotiated with the Port and agreed to pay $3,392.00 ($0.10 per square foot) for this use in the winter 2005-06. Port staff proposes to maintain the same rate for winter 2006-07.

RECOMMENDATION

The Delancey Street Foundation is a non-profit corporation dedicated to providing an important service to the City of San Francisco. Port staff requests permission from the Port Commission to lease approximately 16,960 square feet of space located at Pier 30/32 for the period of November 6, 2006 to January 5, 2007, for use as a Christmas tree lot for a total fee of $3,392.00 instead of $6,784.00.

Prepared by: Elliott Riley, Senior Property Manager

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 06-76

WHEREAS, Charter Section 3.581 of the Charter of the City and County of San Francisco empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area(s) of the City and County of San Francisco; and

WHEREAS, The Port Commission's approved minimum monthly rental rate for pier space in the central and southern waterfront is $0.20 per square foot (psf); and

WHEREAS, The Delancey Street Foundation has sold Christmas trees at Pier 30/32 for several years and used the revenue earned to support their ongoing rehabilitation activities; and

WHEREAS, The Delancey Street Foundation has requested that Port staff license approximately 16,960 square feet of Pier 30/32 to it for the sale of Christmas trees from November 6, 2006 to January 5, 2007 for $0.10 psf per month; and

WHEREAS, The Port agreed to license this area to the Delancey Street Foundation at the monthly rate of $0.10 psf for the 2005/2006 Christmas seasons; now, therefore, be it

RESOLVED, That the San Francisco Port Commission authorizes the Port to grant a license to the Delancey Street Foundation for the use of 16,960 square feet of space located at Pier 30/32 for a Christmas tree lot from November 6, 2006 to January 5, 2007 at the monthly rate of $0.10 psf or a total of $3,392.00.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 24, 2006.

_____
Secretary

EXHIBIT A

2006-07 MININUM MONTHLY RENTAL RATE SCHEDULE+

TYPE OF USE & TYPE OF LEASE	CLASS & LOCATION OF FACILITY/SPACE	MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.	MINIMUM NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*
OFFICE SPACE USES:			
FULL SERVICE GROSS LEASES:	CLASS B		
	Roundhouse Plaza	$2.30 - 2.95	$1.98 - 2.05
	CLASS C		
	Agriculture Building		
	Window Office	$1.80 - 2.60	$1.78 - 1.88
	Interior Office	$1.00 - 1.50	$0.98 - 1.48
	401 Terry Francois	$1.75 - 2.50	$1.67 - 2.25
	696 Amador	$1.25 - 1.50	$1.22 - 1.48
NET LEASES:	CLASS B		
	Pier 9 Bulkhead Bldg.	$2.55 - 3.00	$2.40 - 2.90
	Pier 9 Pier Offices	$2.55 - 3.00	$2.40 - 2.90
	Pier 26 Annex Bldg.	$2.40 - 2.90	$2.40 - 2.90
	Pier 33-35 Bulkhead Bldg.	$2.25 - 2.75	$1.90 - 2.50
	CLASS C		
	Piers 15-19 Bulkhead Bldgs.	$1.75 - 2.00	$1.50 - 1.75
	Pier 27 Admin. Bldg.	$1.00 - 1.60	$1.00 - 1.44
	Pier 29 Annex Bldg.	$1.00 - 1.60	$1.00 - 1.44
	490 Jefferson St.	$1.75 - 2.25	$1.75 - 2.25
	Piers 26 Bulkhead Bldg.	$1.70 - 2.25	$1.50 - 2.00
	Pier 28 Bulkhead Bldg.	$1.50 - 2.00	$1.25 - 1.75
	Piers 50 Bulkhead Bldg.	$1.80 - 2.30	$1.55 - 2.05
	Pier 70, Building 11	$0.95 - 1.25	$0.95 - 1.25
	501 Cesar Chavez	$1.45 - 1.60	$1.25 - 1.50
	Pier 96 Admin. Bldg.	$1.00 - 1.50	$0.75 - 1.50
	Pier 96 Gate House Bldg.	$1.00 - 1.50	$0.75 - 1.25
OFFICE STORAGE	All Facilities	$0.77 - 0.77	$0.77 - 0.77
INDUSTRIAL SHED USES:			
INDUSTRIAL GROSS LEASES:	NORTHEAST WATERFRONT		
	Pier 2	$0.40 - 0.40	$0.40 - 0.40
	Pier 9	$0.75 - 1.00	$0.75 - 1.00
	Pier 15 – 45 (excludes 27/29)	$0.60 - 1.00	$0.48 - 0.61
	Pier 27/29	$0.40 - 0.40	$0.40 - 0.40
	SOUTH BEACH/CHINA BASIN		
	Piers 26-28	$0.60 - 1.00	$0.60 - 1.00
	Piers 48	$0.75 - 1.10	$0.50 - 0.85
	Pier 50-54 1/2	$0.60 - 1.10	$0.60 - 1.10

TYPE OF USE & TYPE OF LEASE	CLASS & LOCATION OF FACILITY/SPACE	MINIMUM INITIAL LEASE RENTAL RATES Monthly Per Sq. Ft.	MINIMUM NET EFFECTIVE RENTAL RATES Monthly Per Sq. Ft.*
	SOUTHERN WATERFRONT		
	SWLs 343 & 354	$0.45 - 0.55	$0.45 - 0.55
	Pier 80	$0.45 - 0.55	$0.45 - 0.55
	Pier 92 & SWLs 344 & 349	$0.26 - 0.51	$0.26 - 0.51
	Pier 96 M & R	$0.45 - 0.60	$0.45 - 0.60
OPEN LAND AND PIER SPACE USES:			
INDUSTRIAL GROSS LEASES: "PORT STANDARD NET LEASE"	NORTHEAST WATERFRONT	$0.20 - 0.30	$0.20 - 0.30
	SOUTH BEACH/CHINA BEACH	$0.20 - 0.30	$0.20 - 0.30
	SOUTHERN WATERFRONT	$0.20 - 0.30	$0.20 - 0.30
FISHING INDUSTRY USES:			
INDUSTRIAL GROSS LEASES:	FISH WHOLESALING & PROCESSING SPACE		
	Improved Fish Processing Space		
	Pier 45 Sheds	$0.75 - 0.80	$0.75 - 0.80
	Second floor warehouse	$0.35 - 0.40	$0.35 - 0.40
	Pier 45 Office	$1.00 - 1.50	$1.00 - 1.00
	Sheds		
	Pier 33	$0.55 - 0.65	$0.55 - 0.65
	699 Illinois	$0.65 - 0.85	$0.51 - 0.61
	Aprons	$0.20 - 0.20	$0.20 - 0.20
LICENSES:	FISHING GEAR STORAGE	$0.20 - 0.20	$0.20 - 0.20

+ The range in rental rates is provided as an example of the minimum rental rates for different space in the building (ie. higher rates for higher floors). It is not, and should not be construed as, a cap or maximum rental rate for such space.

* Minimum Net Effective Rents are rents that reflect the application of rent credits for new paint and carpet. The Minimum Net Effective Rates reflect the amortization of rent credits provided by Port over the term of the lease.

PORT OF SAN FRANCISCO

MEMORANDUM

October 18, 2006

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Wilfred Hsu

FROM: Monique Moyer
Executive Director M Moyer

SUBJECT: Informational Presentation on Proposed Lease with the San Francisco Bay Bar Pilots for Pier 9 located at Embarcadero and Broadway

DIRECTOR'S RECOMMENDATION: INFORMATIONAL PRESENTATION; NO ACTION REQUIRED

Background

The San Francisco Bar Pilots ("SFBP") have been ensuring safe and efficient movement of the large vessels that sail in San Francisco Bay and its tributaries for over 165 years. Approximately 60 pilots share ownership in the San Francisco Bar Pilots Association. They move more than 8,500 vessels per year working closely with shipping agencies, tug companies and the U.S. Coast Guard to deliver cargo safely and on time. Their area of responsibility encompasses the entire Bay Area as far east as Stockton and Sacramento and as far south as Monterey Bay.

The SFBP currently lease 45,074 sq. ft. of real property at the end of Pier 9 consisting of 32,405 sq. ft. of pier shed and 12,669 sq. ft. of apron space. The Port and the SFBP entered into a 20-year Lease (No. L-11515) in 1989 extending to 2009. In 1989, the SFBP leased unimproved warehouse space at the end of Pier 9 and made significant investment to the premises by constructing office, dispatch and member accommodations. The terms of Lease No. L-11515 reflect the fact that the Port leased to SFBP unimproved space. The SFBP currently pays the Port $26,999 monthly for these premises. With only three years remaining on their current lease, the SFBP wish to enter into a new lease with the Port to secure their headquarters location in San Francisco.

The SFBP have approximately three years remaining on their current lease. However for matters of planning and continuity, the Port entered into negotiations last year with the goal of executing another long-term lease with this important maritime tenant. Staff is pleased to inform the Port Commission that both parties have agreed upon the following lease terms for a new lease at Pier 9:

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Lease Terms

Landlord:	CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, operating by and through the SAN FRANCISCO PORT COMMISSION
Tenant:	San Francisco Bar Pilots
Premises:	Pier 9 - 19,718 s.f. of office space; 20,088 s.f. of shed and storage space 14,342 s.f. of apron space
Lease Amendment Commencement Date:	January 1, 2010
Lease Expiration Date:	December 31, 2024
Additional Lease Term:	Fifteen years for total lease term of thirty-five years
Monthly Base Rent:	Office Space: $74,930 Shed and Storage Space: $18,802 Apron Space: $ 3,327 Total Monthly Base Rent: $97,059 Base Rent shall be adjusted by 3% annually; The above rates reflect a 20% discount from estimated January 1, 2010 market rates for comparable space to acknowledge Tenant's excellent history of maritime tenancy at the Port; Base Rent shall be adjusted to market rates at 5-year intervals, however Port commits that the first such 5-year market adjustment to be effective January 1, 2015 will again reflect a 20% discount from market rates for comparable space. Thereafter, the final 5-year market rate adjustment would be without this explicit obligation.
Use:	Offices, locker room, meeting rooms, exercise areas, dining and sleeping facilities for the San Francisco Bar Pilots, vessel berthing, maintenance facility and parking, as currently utilized under Lease No. L-11515.
Security Deposit:	Tenant shall provide a Security Deposit equal to two (2) month's rent.
Apron Repair:	Tenant and Port shall share apron repair costs equally and shall endeavor to execute a Settlement Agreement to memorialize same.
Insurance:	Tenant shall provide insurance coverage acceptable to Port.
City Requirements:	The lease shall include provisions requiring that Tenant comply with all applicable city laws (including, but not limited to, Non-discrimination, First Source Hiring, Health Benefits Coverage, Limitation on Contributions, Prevailing Wages and other applicable laws).

Apron Repairs

In 1992, the SFBP and the Port entered into a settlement agreement to resolve a dispute with regard to repair of the apron and fenders at Pier 9. After Lease No. L-11515 was consummated, it was deemed that the condition of the Pier 9 apron was such that the SFBP couldn't utilize the apron for their operations. The 1992 agreement was a cost sharing arrangement between the Port and the SFBP to make the necessary repairs. The Port provided the labor and some materials and the SFBP provided cash contribution for the repairs.

As part of the current negotiations, the previously repaired apron has been deemed in need of further repair. It is unclear from the current condition survey why the 1992 repairs were not sufficient and as part of this new agreement, the Port and the SFBP agree to split the costs of the repairs to the apron and fendering system. Upon completion of these repairs, both parties will sign a new settlement agreement with each party signing off on the effectiveness of the new apron/fender repairs. The SFBP will then retain full maintenance responsibilities for the repaired fender and apron for the duration of the lease.

Next Steps

The Port staff and the SFBP are in the process of preparing the documentation for this proposed lease. We expect to return to the Port Commission for formal action by the end of this year.

Prepared by: Peter Dailey
Deputy Director, Maritime

PORT OF SAN FRANCISCO

MEMORANDUM

October 18, 2006

TO: **MEMBERS, PORT COMMISSION**
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Wilfred Hsu

FROM: Monique Moyer
Executive Director M Moyer

SUBJECT: Request Approval to extend the Term by 60 days of the Amended and Restated Exclusive Negotiation Agreement ("Amended ENA") with SF Piers LLC for the Piers 27-31 Mixed-Use Recreation Project; Request Approval to Execute Second Amendment to the Amended ENA extending the Term and Certain Benchmark Deadlines (Site Location: The Embarcadero, between Francisco and Battery Streets)

Informational Presentation by SF Piers LLC of its proposed development plan and its financial proposal

DIRECTOR'S RECOMMENDATIONS: APPROVE EXTENSION OF AMENDED ENA TERM, APPROVE AND AUTHORIZE EXECUTION OF SECOND AMENDMENT TO AMENDED ENA EXTENDING TERM AND CERTAIN BENCHMARK DEADLINES

NO ACTION REQUIRED ON INFORMATIONAL PRESENTATION

Background

On March 14, 2006, the Port Commission approved the Amended and Restated Exclusive Negotiation Agreement ("Amended ENA") between the Port and SF Piers LLC ("developer") for the development and long-term lease of the Piers 27-31 Mixed-Use Recreation Project ("Project"). Under the Amended ENA the developer is required to submit certain documents and obtain the endorsement of the Revised Development Memorandum by the Port Commission prior to the expiration date of September 30, 2006. As noted in the Staff Report for Item 5A on the September 26, 2006 Port Commission calendar, the developer did not submit these required documents by the benchmark deadlines specified in the Amended ENA and did not obtain the Port Endorsement Resolution by September 30.

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PORT OF SAN FRANCISCO
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The reason for the delay in these submittals was due to the discovery by the developer of significant increases in the cost to develop the Project, particularly the substructure repair and improvement costs. As noted in the Staff Report for Item 5A on the September 26, 2006 calendar, the developer analyzed the increased substructure improvement costs and concluded that the Project was infeasible as a public-private partnership if private funds only were utilized (with public monies limited to $2.1 million of rent credits toward the cost of creating the Northeast Wharf Plaza open space). Port staff and Bay Area Economics, the Port's independent real estate economics firm consulting with Port staff on the Project, concurred with this conclusion. The developer also concluded that the Project could be feasible as a public-private partnership project only if substantial public monies were invested into the Project in addition to the private funds that the developer would invest.

Port staff and the developer have engaged in a lengthy series of negotiation sessions seeking to find a mutually agreeable solution to these huge cost increases and to investigate financial solutions involving public monies. Despite these efforts, the parties did not reach agreement on financial terms in time to bring the Revised Development Memorandum to the Port Commission by the September 30 expiration date of the Amended ENA.

Accordingly, on September 26, 2006 the Port Commission approved an extension of the Term of the Amended ENA from September 30, 2006 to October 31, 2006 in order to give Port staff and the developer more time to reach agreement on new financial terms. The Port Commission also approved extension of the deadlines for Benchmarks #1, 2, 5, 6, 7, 8 and 9 of the Amended ENA and authorized the Executive Director to execute a First Amendment to the Amended ENA extending these deadlines. Thereafter, the parties executed the First Amendment. Subsequently, some of the benchmark deadlines were further extended by the Executive Director, as authorized by the Port Commission and the Amended ENA, in order to give the parties more time to negotiate the deal terms.

Extension of Amended ENA Term and Approval of Second Amendment to Amended ENA
The First Amendment to the Amended ENA provides that the Term will automatically expire on October 31, 2006 unless all ten of the Initial Performance Benchmarks stated therein are satisfied by that date, including approval by the Port Commission of a resolution endorsing a Revised Development Memorandum, which describes the revised Project and financial terms. Upon satisfaction of all ten of the Initial Performance Benchmarks prior to October 31, 2006, the term of the Amended ENA will be extended automatically, as provided in the Amended ENA.

Since the date of the execution of the Amended ENA, the following Initial Performance Benchmarks have been satisfied by the developer:

#3: Submittal of Monthly Reports
#4: Submittal of Community Outreach Program
#10: Weekly Meetings between the Port and Shorenstein/Farallon

However, the following Initial Performance Benchmarks have not been (or will not be) met by the newly-established deadlines that were set forth in the First Amendment to the Amended ENA or that were subsequently extended by the Executive Director:

#1: Submittal of the Proposed Plan of Development (October 12, 2006)
#2: Submittal of the Schedule (October 12, 2006)

#5 Submittal of the Trust Consistency Proposal (October 12, 2006)
#6: Submittal of the proposed Regulatory Approval Strategy (October 12, 2006)
#7: Agreement on the Annual Budget for Transaction Costs (October 16, 2006)
#8: Submittal of letter of intent from Active Recreation Operator (October 16, 2006)
#9: Port Commission Endorsement Resolution of the Revised Development Memorandum (Prior to the expiration date of October 31, 2006)

Accordingly, the developer has requested an extension of the Term of the Amended ENA by 60 days to December 31, 2006 in order to give the parties more time to reach agreement on financial terms and incorporate such terms into the Revised Development Memorandum. Port staff hereby requests approval of said extension and authorization for the Executive Director to execute the Second Amendment to the Amended ENA (herein "Second Amendment") granting an extension of the term to December 31, 2006. A copy of the Second Amendment is on file with the Commission Secretary.

Extension of Benchmarks

Benchmarks #1, 2, 5 and 6 require submittal of the proposed plan of development, schedule, trust consistency proposal and regulatory approval strategy by October 12, 2006, as extended by the Executive Director. The developer has requested an extension of this deadline to October 24, 2006.

Benchmark #7 requires that the parties reach agreement on the Annual Budget for Transaction Costs by October 16, 2006, as extended by the Executive Director. Port staff submitted a draft budget to the developer in early September. The parties request extension of this deadline to October 31, 2006.

Benchmark #8 requires submittal of the letter of intent from the Active Recreation Operator by October 16, 2006. The developer has requested an extension of this deadline to November 3, 2006.

Currently, Benchmark #9 requires the developer to obtain a resolution by the Port Commission endorsing the Revised Development Memorandum prior to October 31, 2006. As indicated above, additional time is required to complete the negotiation of the financial terms, to review the comprehensive development proposal and to negotiate changes or refinements in this proposal. The developer has requested an extension of this deadline to November 14, 2006 in order to give the parties more time to draft the Revised Development Memorandum and to seek Port Commission approval of this document at the November 14, 2006 Port Commission meeting.

Port staff hereby requests approval to extend the benchmark deadlines set forth above and authorization for the Executive Director to execute the Second Amendment extending these deadlines.

Informational Presentation

On August 8, 2006, at an informational presentation, the developer presented to the Port Commission its preliminary development plan for the Project. There was no official submission of the plan at that time. This preliminary plan included a revised site plan and use program. The developer also presented this preliminary development plan to the Fisherman's Wharf

Waterfront Advisory Group on August 15, 2006 and to the Northeast Waterfront Advisory Group on September 6, 2006, as well as to other meetings of stakeholders.

As of the date this Staff Report was issued, the developer had not submitted its comprehensive proposal for the Project and the other items required under Benchmarks #1, 2, 5 and 6. Accordingly, Port staff has not had an opportunity to review the proposal. Staff will comment upon the development plan and financial terms at a later Port Commission meeting, after these have been submitted and there has been sufficient time to review the information.

The developer has requested the opportunity to present its comprehensive proposal to the Port Commission at the October 24, 2006 meeting. This presentation will include both the developer's plan of development, including the revised site plan and use program (highlighting any changes that have been made to the Project since the earlier presentation), and its financial proposal, including the public financing component.

No action is required by the Port Commission on the informational presentation.

Staff Recommendation

Port staff request that the Port Commission (1) approve the 60-day extension of the Term of the Amended ENA to December 31, 2006; (2) approve the extension of the deadlines for Benchmarks #1, 2, 5 and 6 to October 24, 2006; (3) approve the extension of the deadline for Benchmark #7 to October 31, 2006; (3) approve the extension of the deadline for Benchmark #8 to November 3, 2006; (4) approve the extension of the deadline for Benchmark #9 to November 14, 2006; and (5) authorize the Executive Director to execute the Second Amendment to the Amended ENA extending these deadlines.

Prepared by: Jennifer Sobol, Project Manager
Planning & Development

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 06-77

WHEREAS, Charter Section B3.581 grants to the Port Commission the authority and duty to use, conduct, operate, maintain, regulate and control the lands within the Port jurisdiction; and

WHEREAS, The Port Commission at its March 14, 2006 meeting, by Resolution No. 06-22, approved the terms of an Amended and Restated Exclusive Negotiation Agreement ("Amended ENA") between the Port and SF Piers LLC, a Delaware limited liability company (herein "the developer"); and

WHEREAS, The Port Commission at its September 26, 2006 meeting, by Resolution No. 06-44, approved the extension of the Term of the Amended ENA to October 31, 2006, approved the extension of the deadlines for Benchmarks #1, 2, 5, 6, 7, 8 and 9 and authorized the Executive Director of the Port to execute the First Amendment to the Amended ENA; and

WHEREAS, The Term of the Amended ENA, as amended by the First Amendment, expires on October 31, 2006, and the developer has requested an extension of the Amended ENA Term to December 31, 2006 in order to give the parties sufficient time to revise the Development Memorandum and incorporate new financial terms into the document; and

WHEREAS, Benchmarks #1, 2, 5 and 6 of the Amended ENA require the developer to submit the proposed plan of development, schedule, trust consistency proposal and regulatory approval strategy by October 12, 2006 (as extended by the Executive Director), and the developer has requested an extension of this deadline to October 24, 2006; and

WHEREAS, Benchmark #7 of the Amended ENA requires the parties to reach agreement on the Annual Budget for Transaction Costs by October 16, 2006 (as extended by the Executive Director), and the developer has requested an extension of this benchmark deadline to October 31, 2006; and

WHEREAS, Benchmark #8 of the Amended ENA requires the developer to submit a letter of intent from the Active Recreation Operator by October 16, 2006, and the developer has requested an extension of this benchmark deadline to November 3, 2006; and

WHEREAS, Benchmark #9 of the Amended ENA requires the developer to obtain a resolution by the Port Commission endorsing the Revised Development Memorandum prior to October 31, 2006, and the develop has requested an extension of this benchmark deadline to November 14, 2006; and

WHEREAS, Port staff recommends to the Port Commission that it 1) extend the Term of the Amended ENA to December 31, 2006; 2) extend the deadlines for Benchmarks #1, 2, 5, 6, 7, 8 and 9 to the dates specified above; and (3) authorize and direct the Executive Director to execute the Second Amendment to ENA reflecting the above-stated extensions, in substantially the form on file with the Commission Secretary; now, therefore, be it

RESOLVED, That the Port Commission hereby approves the extension of the Amended ENA Term to December 31, 2006; and be it further

RESOLVED, That the Port Commission hereby approves the extension of the deadlines for Benchmarks #1, 2, 5, 6, 7, 8 and 9 to the dates specified above; and be it further

RESOLVED, That the Port Commission hereby authorizes and directs the Executive Director of the Port, or her designee, to execute the Second Amendment to the Amended ENA, in substantially the form on file with the Commission Secretary, extending the term of the Amended ENA to December 31, 2006 and deadlines for Benchmarks #1, 2, 5, 6, 7, 8 and 9 to the dates specified above, with the understanding that the final terms and conditions of any lease disposition and development agreement, lease or related documents negotiated between the Port and the developer during the exclusive negotiation period will be subject to the approval of the Port Commission; and be it further

RESOLVED, That the Port Commission hereby authorizes and directs the Executive Director of the Port, or her designee, to take all such further actions, including execution of documents in consultation with the City Attorney, as are necessary to implement the intent of this Resolution; and be it further

RESOLVED, That the Port Commission, pursuant to Section 7.2 of the Amended ENA, hereby authorizes the Executive Director of the Port, or her designee, to waive or extend the times for performance of the Performance Benchmarks (as defined in the Amended ENA), including, without limitation, the right to condition such waiver or extension on additional Performance Benchmarks or other conditions required by the Port in its sole discretion, provided that such extension does not extend the Term of the Amended ENA; and be it further

RESOLVED, That entering into the Second Amendment to the Amended ENA does not commit the Port Commission to approval of a final lease, lease disposition and development agreement or related documents, and that the Port Commission shall not take any discretionary actions committing it to the Project until it has reviewed and considered environmental documentation prepared in compliance with the California Environmental Quality Act (CEQA).

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 24, 2006.

_____

Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

October 19, 2006

TO: MEMBERS, PORT COMMISSION
Hon. Ann Lazarus, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Wilfred Hsu

FROM: Monique Moyer
Executive Director MMoyer

SUBJECT: Request To Enter Into Master Contracts With Three (3) Firms For *As-Needed Construction Support Services,* For A Three Year Term, Each In An Amount Not-To-Exceed $500,000, With: (1) Maritime Construction Management Coalition (Resolution 06-73); (2) BDI/ECS Joint Venture (Resolution 06-74); and (3) AGS/LEE Joint Venture (Resolution 06-75)

DIRECTOR'S RECOMMENDATION: AUTHORIZE STAFF TO ENTER INTO MASTER CONTRACTS WITH MARITIME CONSTRUCTION MANAGEMENT COALITION, BDI/ECS JOINT VENTURE, AND AGS/LEE JOINT VENTURE

INTRODUCTION

Port staff requests Commission authorization to enter into master contracts with the top three ranked firms from the Request for Qualifications (RFQ) process administered over the past two months.

The RFQ solicited responses from qualified firms to enter into Master Contracts for as-needed construction related professional services to be provided over a three year period. These services will primarily involve construction management, inspection and testing services. The amount authorized by the Civil Service Commission for these services is $1.5 million over a three year period. Staff is proposing an initial not-to-exceed contract award of $500,000 to each of the three highest ranked firms from the RFQ process. However, none of these firms is guaranteed to receive work under these contracts, nor work equal to the entire "not to exceed" contract amount. Services pertaining to these contracts are subject to funding availability, city staff availability and responsiveness to the Port's contract service order requirements.

In the past, the Port has obtained these services primarily through as-needed contracts offered by the Department of Public Works or their staff. To avoid the administrative mark-up on

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services procured through the Department of Public Works and to secure services from construction firms with maritime expertise, the Port is establishing its own as-needed pool of firms for construction support services. Such an arrangement will allow for timely staff augmentation and capability to respond to highly specialized Port requirements.

BACKGROUND

The Port Commission, at its meeting on July 26, 2005, authorized staff by Resolution No. 05-47 to issue a Request for Qualifications for As-Needed Construction Support Services (RFQ). Staff secured the requisite Civil Service Commission and IFPTE Local 21 approvals prior to advertising the RFQ. Staff will continue to budget and utilize City staff from other departments through Interdepartmental Work Orders in instances where qualified employees are available to perform work prior to soliciting outside consultants to perform work under these contracts. The Port advertised the RFQ on August 30, 2006 with a Disadvantaged Business Enterprise (DBE) goal of 20% as determined by the Port's HRC Contract Compliance Officer. A pre-submittal meeting was held on September 20, 2006. Over 30 people representing various firms attended the pre-submittal meeting.

The following four (4) consultants responded to the RFQ (with each team being identified by its lead consultant):

1. 4LEAF Inc.
2. AGS/LEE Joint Venture (DBE)
3. BDI/ECS Joint Venture (DBE)
4. Maritime Construction Management Coalition (DBE Joint Venture with Parsons Corporation)

A six-member selection committee, composed of three Port staff members, plus staff members from the San Francisco International Airport, San Francisco Department of Public Works and Port of Oakland, reviewed the paper submittals and invited all four (4) respondents for an interview. Evaluation criteria included: 1) Technical Approach; 2) Relevant Team Experience; 3) Staff Qualifications and 4) Team Organization. The paper scores and interview scores each carried a 50% weight and were combined in determining the recommendation for contract award.

The selection committee conducted oral interviews on October 12, 2006. Consultant teams were asked to expand upon their qualifications in a presentation to the panel, specifically describing how they will meet DBE requirements during the life of the contract. In addition, Consultant teams were asked to respond to a series of questions relating to Port construction management issues. A summary of score sheets for the both phases of the evaluation process is attached as Exhibit 1. The selection committee found it appropriate to recommend three (3) teams based upon the quality of firms competing and the extremely close scores. There was a consensus that the firm with a final ranking of third should be awarded a contract since their written submittal ranked second; and their final composite score was 2.25 points less than the top score of 547 points.

The Port Commission was advised of staff's intention to advertise for award of "at least two contracts". Accordingly, the RFQ specified the award of "at least two contracts" to provide flexibility in the event of a close score or large quantity of highly qualified firms. The Port's HRC Contract Compliance Officer verified compliance with DBE subconsulting goals and each team demonstrated a commitment to meet the 20% DBE subconsulting goal. All three of the top ranked teams are DBE Joint Ventures. Accordingly, staff recommends award of contracts to the following three top-ranked teams, as approved by the Human Rights Commission (HRC) by their ranking order:

Final Ranking	Name of Lead Consultant of Consultant Team
1	Maritime Construction Management Coalition (DBE Joint Venture with Parsons Corporation)
2	BDI/ECS Joint Venture (DBE)
3	AGS/LEE Joint Venture (DBE)

As a standard City and County of San Francisco practice, teams were also requested to provide a fee schedule in a separate sealed envelope. Although not considered as a part of the qualifications process, fee schedules were evaluated for reasonableness based upon fees proposed by competing firms, fees currently being billed to the Port and fee schedules offered to other public agencies. These fee schedules are used as a basis for calculating fees under Contract Service Orders (CSOs).

DISCUSSION

Recommended Firms' Company Information

Maritime Construction Management Coalition

Maritime Construction Management Coalition (MC2) is a Joint Venture (JV) of Parsons Water Infrastructure (Parsons), ARA Engineering Group (ARA), and Acumen Building Enterprises, Inc. (Acumen). All joint venture partners are DBEs except Parsons.

Parsons Water and Infrastructure is the lead Joint Venture Partner for the MC2 JV. It is one of four (4) global business units within Parsons Corporation based in Pasadena, California (not affiliated with Parsons, Brinckerhoff, Quade & Douglas, Inc.). According to Dun & Bradstreet, Parsons Corporation was established in 1944 by Ralph M. Parsons as The Ralph M Parsons Company (Inc.) Present company control succeeded in 1985. Capital stock is 100% owned by ESOP. The company net worth is reported to be in excess of $300 million with over 9,000 employees. Major industries and business sectors served by the company are: (1) Petroleum and chemical, (2) Transportation, (3) Power generation, (4) Pulp and paper, (5) Environmental engineering, (6) Defense, (7) Nuclear fuel, (8) Bridges, and (9) Privatization of municipal projects. Services offered in the transportation field include a complete range of master planning, design, engineering and construction management services for light and heavy rail, highway and bridge projects, parking and maintenance facilities, airport development, expansion and air traffic control facilities, and other transportation and infrastructure related assignments.

Parson's port experience includes maritime projects around the globe. Its California port experience includes the Ports of Oakland, Los Angeles and Long Beach. Specific experience with the Port of San Francisco culminates with its acquisition of Primus Industries, formerly a San Francisco based consulting firm. Primus Industries was previously owned by James Jefferson whose firm provided construction management services to the Port in connection with the Ferry Terminal construction and several other wharf side port facilities. These services included contractor related issues such as RFIs, negotiation and claims resolution and on-site Project Manager.

ARA Engineering Group
ARA Engineering Group is a San Francisco-based (DBE) professional consulting firm specializing in the full spectrum of PM/CM support services for Public Works, Infrastructure and Transportation projects. In addition to the Ports of San Francisco, Oakland and San Diego, other ARA public sector clients have included the San Francisco departments of Public Works and Public Utilities Commission, the counties of Alameda and San Diego, the cities of Oakland, San Diego, and San Luis Obispo, and Stockton, the East Bay Municipal Utility District, and various city and county water districts.

The principal for the firm represented during the interviews was Ali Altaha. His resume reflects the port experience previously described with the exception of the Port of San Francisco. The firm is certified by HRC as a DBE firm with a San Francisco business address.

Dun & Bradstreet lists an ARA Engineering Group formerly based in Mission Viejo, California under CZPM Inc. with Rowena Altaha as President. The line of business is listed as construction management and civil engineering.

ACUMEN Building Enterprise, Inc.
Acumen Building Enterprise, Inc. has offices in San Francisco and Oakland and provides program and construction management, project control, cost estimating, scheduling, document control and information systems development. The firm specializes in infrastructure management. It is certified by HRC as a DBE firm whose principal is Walter E. Allen.

Consistent with the Dun & Bradstreet report received by the Port, Acumen was established in 1994 in the consulting services line of business. The firm incorporated in 2002 and maintains a staff of 18 employees.

BDI/ECS Joint Venture

Business Development, Inc. (BDI) and Environmental & Construction Solutions teamed to form the BDI/ECS Joint Venture partnership. Both partners are DBEs.

Business Development Inc. (BDI)
BDI was established in 1979, evolving into a multi-disciplinary construction management and inspection services firm. The line of business as reported by Dun & Bradstreet is: management

consulting services, engineering services and management services. Calvin Hayes is listed as the President. The firm employs 15 staff with sales of over $3.0 million.

Most recently, BDI has provided support for the Port of San Francisco's Illinois Bridge (North Approach) Project. BDI oversees all inspections.

Environmental & Construction Solution (ECS)
Environmental & Construction Solution was established in 2002 according to Dun & Bradstreet and lists 12 employees with gross revenue at $1.0 million in the line of business as Consultant. The firm's statement of qualifications lists its areas of expertise as: program planning, construction management, project controls, scheduling and environmental exposure assessments and remediation.

ECS is certified by the HRC as a DBE firm with a San Francisco business address.

AGS/LEE Joint Venture

AGS, Inc. and LEE Inc. teamed together to form the AGS/LEEI Joint Venture. Both firms are DBEs.

AGS, Inc.
AGS, Inc. was incorporated in 1983 and currently employs over 20 staff. AGS has its own equipped soil testing laboratory and extensive computer capabilities. Its statement of qualifications lists in-depth and broad consulting experience in construction management and administration, which includes resident engineering, field observation and inspections, office engineering, project controls, cost estimating, scheduling, special inspections, material sampling and testing, site assessments and feasibility studies, constructability review, value engineering, claims, and document control. In addition, their staff has experience as expert witnesses on various construction related claims.

Dun & Bradstreet lists the firm with Dr. Robert T. Wong as president and annual sales of $3.0 million in the consulting engineers as the line of business. The D&B report also provides a San Francisco business address.

AGS, Inc is certified by the HRC as a DBE firm with a San Francisco address.

LEE Incorporated
The firm provides engineering and construction services to public and private sector clients not only in the San Francisco Bay Area, but worldwide, per its statement of qualifications.

According to Dun & Bradstreet, the firm has 20 employees and an office in San Jose. Lee Incorporated was founded in 1976 by Dr. Ellen Lee as President. The firm is certified by the HRC as a DBE firm with a San Jose business address.

Scope/Assignment of Work

Staff provided a general guideline of the scope of work in the staff report for Port Resolution 05-47 authorizing advertisement of this subject RFQ. The specific scopes of work to be executed will vary with specific project needs and generally include the following:

- Construction inspection (Field inspection)
- Specialized sampling and testing of materials
- Office engineering (An Office Engineer typically handles Requests for Information, Contract Change Orders, cost estimating, filing, review of "as-built" plans (or record drawings), submittal logging and review, correspondence and other duties as requested by the Resident Engineer.)
- Quality assurance
- Critical-Path Method (CPM) scheduling and analysis
- Claim analysis
- Constructability Analysis

All Contract Service Orders (CSOs) will be issued only with the written authorization of the Chief Harbor Engineer. Prior to authorizing specific work under the as-needed contracts, the Port Resident Engineer in the Construction Management Unit will prepare a description of work, estimated budget and request proposals from the approved pre-qualified list of teams. Currently, the Port's Resident Engineer position is vacant, but is expected to be filled by January 2007.

The informal request for proposals (RFP) will require submittal of a fee proposal from at least two of the consulting teams. At that time, firms responding to the informal RFP will be required to identify DBE participation or provide a good faith effort report of why DBE participation is not proposed for that particular scope of work. Consistent with San Francisco Administrative Code Section 21.4 (b) requirements, staff from the Port's Finance and Engineering Divisions will review the proposals for reasonableness and negotiate fees, as deemed appropriate. Port staff anticipates that informal competing between the three selected consultant teams will ensure the Port receives timely, responsive, compliant and reasonable fees in response to requests for services.

After agreement has been reached concerning fees, a CSO will be issued to the Lead Consultant/team selected for the specific project task/s. After the CSO has been certified as to funds, a notice to proceed will be issued to commence work under the Port Project Coordinator's oversight.

In the proposed resolution, staff requests authority to award Master Contracts to the three highest-ranked consultant teams, and to issue individual Contract Service Orders in amounts not to exceed $200,000 on an as-needed basis, depending upon staff requirements and specific project needs. The City's Administrative Code Section 6.64 authorizes the Port, as a City department, to issue CSOs for as-needed construction-related professional services, but limited to $200,000 cumulatively for any single public works project. As with the Port's current

engineering contracts, staff will provide the Port Commission with quarterly reports on all as-needed contract activity.

Master Contract Not-to-Exceed Amount/Funding

As indicated above, staff seeks authorization to award Master Contracts in the amount of $500,000 to each of the three highest-qualified firms for as-needed construction support services over a three year period. Each Contract Service Order will be issued based upon available funding, as appropriated for the required work.

SUMMARY OF RECOMMENDATIONS:

In summary, Port staff requests:

1. Award of Master Contracts with the three highest-ranked firms which responded to the August 30, 2006 Request for Qualifications for As-Needed Construction Support Services, which firms are recommended by staff and identified in this memorandum;
2. Authorization for staff to execute such Master Contracts, in such form as approved by the City Attorney's Office, for as-needed construction support services, each in amounts not to exceed $500,000, and with terms of three years with the option to extend the term of each contract for an additional year; and
3. Authorization for staff to issue individual Contract Service Orders (CSOs) without further Port Commission approval, in amounts not to exceed $200,000 cumulatively for any single public works project, including all modifications.

Prepared by: Norma Nelson, Port Finance Division

For: Tina Olson, Deputy Director
Finance & Administration

Ed Byrne
Chief Harbor Engineer

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION NO. 06-73

WHEREAS, On July 26, 2005, the Port Commission authorized Port staff to issue a Request for Qualifications (RFQ) for as-needed Construction Support Services through Resolution 05-47; and

WHEREAS, periodically, Port projects require essential services that exceed staff resources available from the Port or other City departments, and Port staff has met such construction support service needs through "as-needed" contracts to augment staffing of important projects; and

WHEREAS, the proposed master contracts for as-needed construction support services will provide a timely and cost-effective vehicle for the provision of essential professional services; and

WHEREAS, following staff's issuance of the RFQ dated August 30, 2006, the Port's selection committee identified Maritime Construction Management Coalition as one of the three highest ranked firms for recommended contract award; and

WHEREAS, each of the firms recommended for contract award include DBE participation at the prime contract level and has committed to including at least 20% DBE participation at the subcontracting level as opportunities are available to facilitate such participation based upon the Port's scope of work needs during the life of the contract; now therefore be it

RESOLVED, that the San Francisco Port Commission hereby authorizes staff to award and enter into a Master Contract in a form substantially consistent with the Agreement for Professional Services (Form P-500) attached as Appendix C to the RFQ and as approved by the City Attorney's Office with Maritime Construction Management Coalition; and be it further

RESOLVED, the Port Commission hereby authorizes staff to execute the subject Master Contract in an initial amount not to exceed $500,000, for a term not to exceed three (3) years, with the option to extend the term for one additional year beyond the third year; and be it further

RESOLVED, the Port Commission hereby authorizes staff to issue Contract Service Orders (CSOs) under such Master Contract for work on specific projects; provided, however that CSOs under each Master Contract shall not exceed $200,000 cumulatively for any single public works project, including modifications, without further Port Commission authorization.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 24, 2006.

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Secretary

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 06-74

WHEREAS, On July 26, 2005, the Port Commission authorized Port staff to issue a Request for Qualifications (RFQ) for as-needed Construction Support Services through Resolution 05-47; and

WHEREAS, periodically, Port projects require essential services that exceed staff resources available from the Port or other City departments, and Port staff has met such construction support service needs through "as-needed" contracts to augment staffing of important projects; and

WHEREAS, the proposed master contracts for as-needed construction support services will provide a timely and cost-effective vehicle for the provision of essential professional services; and

WHEREAS, following staff's issuance of the RFQ dated August 30, 2006, the Port's selection committee identified BDI/ECS Joint Venture as one of the three highest ranked firms for recommended contract award; and

WHEREAS, each of the firms recommended for contract award include DBE participation at the prime contract level and has committed to including at least 20% DBE participation at the subcontracting level as opportunities are available to facilitate such participation based upon the Port's scope of work needs during the life of the contract; now therefore be it

RESOLVED, that the San Francisco Port Commission hereby authorizes staff to award and enter into a Master Contract in a form substantially consistent with the Agreement for Professional Services (Form P-500) attached as Appendix C to the RFQ and as approved by the City Attorney's Office with BDI/ECS Joint Venture; and be it further

RESOLVED, the Port Commission hereby authorizes staff to execute the subject Master Contract in an initial amount not to exceed $500,000, for a term not to exceed three (3) years, with the option to extend the term for one additional year beyond the third year; and be it further

RESOLVED, the Port Commission hereby authorizes staff to issue Contract Service Orders (CSOs) under such Master Contract for work on specific projects; provided, however that CSOs under each Master Contract shall not exceed $200,000 cumulatively for any single public works project, including modifications, without further Port Commission authorization.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 24, 2006.

_____
Secretary

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION NO. 06-75

WHEREAS, On July 26, 2005, the Port Commission authorized Port staff to issue a Request for Qualifications (RFQ) for as-needed Construction Support Services through Resolution 05-47; and

WHEREAS, periodically, Port projects require essential services that exceed staff resources available from the Port or other City departments, and Port staff has met such construction support service needs through "as-needed" contracts to augment staffing of important projects; and

WHEREAS, the proposed master contracts for as-needed construction support services will provide a timely and cost-effective vehicle for the provision of essential professional services; and

WHEREAS, following staff's issuance of the RFQ dated August 30, 2006, the Port's selection committee identified AGS/LEE Joint Venture as one of the three highest ranked firms for recommended contract award; and

WHEREAS, each of the firms recommended for contract award include DBE participation at the prime contract level and has committed to including at least 20% DBE participation at the subcontracting level as opportunities are available to facilitate such participation based upon the Port's scope of work needs during the life of the contract; now therefore be it

RESOLVED, that the San Francisco Port Commission hereby authorizes staff to award and enter into a Master Contract in a form substantially consistent with the Agreement for Professional Services (Form P-500) attached as Appendix C to the RFQ and as approved by the City Attorney's Office with AGS/LEE Joint Venture; and be it further

RESOLVED, the Port Commission hereby authorizes staff to execute the subject Master Contract in an initial amount not to exceed $500,000, for a term not to exceed three (3) years, with the option to extend the term for one additional year beyond the third year; and be it further

RESOLVED, the Port Commission hereby authorizes staff to issue Contract Service Orders (CSOs) under such Master Contract for work on specific projects; provided, however that CSOs under each Master Contract shall not exceed $200,000 cumulatively for any single public works project, including modifications, without further Port Commission authorization.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 24, 2006.

_____
Secretary

Exhibit 1
San Francisco Human Rights Commission (HRC)
Determination of Final Scores

The HRC reviewed the written submittal and interview score sheets for the above referenced RFQ. The written submittals were the basis for the selection of all four firms for oral interviews. The submittal review and oral interview scores each represented 50% of the final score.

	WRITTEN SUBMITTALS				ORAL INTERVIEWS				FINAL SCORE	
FIRM	SCORE	RATINGS BONUS	ADJ. SCORE	RANK	SCORE	RATINGS BONUS	ADJ. SCORE	RANK	Score	RANK
MARITIME CONST. MGT. COALITION	246.9	18.51	265.4	1ST	262	19.65	281.65	1ST	547	1ST
BDI/ECS JV	237.5	23.75	261.2	3RD	244	24.4	268.4	2ND	529.65	2ND
AGS/LEE JV	238.5	23.85	262.3	2TH	241	24.1	265.5	3RD	527.4	3RD
4 LEAF INC.	206.1	0	206.1	4TH	207	0	207	4TH	413.1	4TH

The Maritime Construction Management Coalition JV is eligible for a 7.5% ratings bonus. The BDI / ECS JV and the AGA / LEE JV are eligible for a 10% ratings bonus. All respondents to the RFQ met the HRC 20% Disadvantaged Business Enterprise (DBE) subconsulting requirements.

The Selection Panel interviewed all firms responding to the RFQ and decided to recommend retaining the services of the top three consultants, namely, Maritime Construction Management Coalition JV, BDI / ECS JV and AGS / Lee JV.

All respondents to the RFQ were required to meet a 20% DBE participation goal. DBE participation goals may not be met on all contract service orders. However, to ensure that consistent good faith efforts are made to meet the goals, and to monitor compliance, each contract service order will include a section listing the proposed DBE participation and provide an explanation if it is below the project goals.

In addition, the Port's HRC Contract Compliance Officer will be consulted when a contract service order proposal does not reasonably meet DBE subconsulting goals. As with all DBE program applicable contracts, HRC Forms 7 and 9 are routinely required when payments are requested and issued to all firms under these contracts. These forms which report utilization of DBE firms and payments respectively are routinely provided to the HRC Contract Compliance Officer to monitor each firm's progress in meeting the 20% Master Contract DBE subconsulting goal throughout the life of the contract.

As-Needed Construction Support Services: DBE PARTICIPATION

PRIME	DBE SUBCONSULTANT	SERVICE	DBE %
MARITME CONSTRUCTION MGT COALITION D/B/A JV			
PARSONS		PROJECT MANAGEMENT, FIELD SERVICES AND PROJECT SUPPORT.	40%
ACUMEN BUILDING ENTERPRISES		PROJECT CONTROLS, FILED SERVICES	20%
ARA ENGINEERING GROUP		PROJECT CONTROLS FIELD SERVICES	20%
	RES ENGINEERS	INSPECTION AND TESTING	20%
TOTAL DBE COMMITMENT			**20%**
PRIME	**DBE SUBCONSULTANTS**	**SERVICE**	
BDI / ECS JV	CHAVES & ASSOCIATES	DOCUMENT CONTROL	7%
	SEIFEL CONSULTING, INC.	PRE-CONSTRUCTION	7%
	NBA ENGINEERING, INC.	MECHANICAL ENGINEERING	7%
TOTAL DBE COMMITMENT			**21%**
PRIME			
AGS INC./ LEE JV	**DBE SUBCONSULTANTS**	CONSTRUCTION MANAGEMENT	
.	M. LEE INC.	COST ESTIMATING & SCHEDULING	5%
	RES ENGINEERS	MATERIALS TESTING & INSPECTION	5%
	CHAVES & ASSOCIATES	DOCUMENT CONTROL	4%
	NBA ENGINEERING	MECHANICAL & ELECTRICAL INSPECTIONS	3%
	PITTMAN & ASSOCIATES	PUBLIC OUTREACH	3%
TOTAL DBE COMMITMENT			**20%**

SAN FRANCISCO
PORT COMMISSION

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OCTOBER 24, 2006
MINUTES OF THE MEETING

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MEMBERS, PORT COMMISSION

HON. ANN LAZARUS, PRESIDENT
HON. KIMBERLY BRANDON, VICE PRESIDENT
HON. MICHAEL HARDEMAN
HON. WILFRED HSU

MONIQUE MOYER, EXECUTIVE DIRECTOR
AMY QUESADA, COMMISSION SECRETARY

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE SPECIAL MEETING
OCTOBER 24, 2006

1. CALL TO ORDER / ROLL CALL

Commission President Ann Lazarus called the meeting to order at 2:05 p.m. The following Commissioners were present: Ann Lazarus, Kimberly Brandon and Michael Hardeman. Commissioner Wilfred Hsu arrived at 2:25 p.m.

2. APPROVAL OF MINUTES - October 10, 2006

ACTION: Commissioner Brandon moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; the minutes of the October 10, 2006 meeting were adopted.

3. EXECUTIVE

A. Executive Director's Report: Monique Moyer, Executive Director reported the following:

- Passing of former Port Employee Henry Williams: Henry was a property manager, serving the southern waterfront for 14 years. He passed away recently and a memorial service was held for him on October 14, 2006 at the Jones Memorial United Methodist Church in San Francisco. After the Loma Prieta earthquake, Mr. Williams received a commendation for his efforts in relocating impacted tenants. The Port was very proud of his efforts and the speed at which he executed them. He was an accomplished whistler and always the consummate gentleman. He will be definitely be missed by many who have the pleasure of knowing and working with him.

- Lonnie Alfano is retiring after 31 years with the Port. Lonnie began as a roofer in 1975 at Pier 16. He became a pileworker after the roofing shop was closed in 1976. He then became a diver and retired as a piledriver engine operator. He had a big retirement party last Friday and he will be missed. We look forward to having him return at some of our events.

- Pier 1½, 3 & 5 Grand Opening – November 15, 2006 from 11 a.m. to 1 p.m.: Piers 1½, 3 and 5, which Ed Byrne reminded her, was the first set of facilities that he ever red tagged will be reopening. The ribbon cutting ceremony is open to the public. The ceremony will take place at Pier 3 and then moved into Piers 1½ for the reception. Pier 1½ was the former location of the Delta King and Queen waiting that ferried passengers between San Francisco and Sacramento.

Construction has been underway for about two years. It's a $54 million project and one of its investors is the California State Teachers Association.

- World Trade Club: In today's San Francisco Chronicle, the World Trade Club will be closed. There was a meeting of the board last week and a decision was made to close the club by the end of this month. This Friday, they will be closing and all of the employees will be without work. WTC is committed to helping them relocate and reassimilate into the economy. It's great sadness to see such as venerable institution close. We wish the members and the employees well. We will dearly miss them as they have housed many of our important meetings and functions.

- MKThink, renowned architectural firm in San Francisco, moved into the Roundhouse Building last week. We are delighted with their efforts and achievements. It's great to see that facility occupied after many years of vacancy.

- Municipal Fiscal Advisory Committee – MFAC, a committee that was established by Mayor Moscone 26 years ago honors public employees once a year. Three Port employees were recognized and nominated for awards: Tina Olson, Daley Dunham and Uday Prasad for their work on the capital plan. Unfortunately, they didn't win. The competition was stiff with 43 different applicants. We were very pleased that they were recognized and the business community was there to acknowledge their efforts and the efforts of many government employees throughout the City.

- The California Association of Port Authorities meeting was held last week. She and Peter Dailey attended the conference in Long Beach. There are 11 California Ports that formed an association in the 1940s. There were 9 ports represented at the meeting. The baton passed from Dick Steinke, the executive director of Long Beach, to Jerry Bridges, the executive director Port of Oakland. Mr. Bridges is the new president of CAPA and David Hull of the Port of Humboldt Bay is the new vice president. We will continue to work together to make sure that ports in California are recognized for the economic and other achievements that they contribute to their surroundings. There were a lot of ideas exchanged and collaboration took place.

- Pier 31½ labor demonstration. This weekend, there was another labor demonstration at Pier 31½. There was a very interesting write-up about that on beyondchron.com. This time the difference was there were a tremendous number of union leadership present, not just the IBU and the MMP but also Mike Casey from the Hotel Council and members of the Labor Council. They were supposed to have a big meeting last night to figure out how to address this problem but she was not able to reach them. Supervisor Peskin also attended. We will continue to monitor how that continues to unfold. We have some issues with the tenant which we are trying to work through and this article alleges that there has been double billing of the tourists and it also mentions the proposed rate of increase. She spoke to the Park Service regarding Commissioner Hardeman's concerns about the rate increase. Superintendent O'Neill reported that there is a process through which

the National Park Service will entertain a rate increase and adopt a rate increase. That process has not yet been underway although there is a proposal from Hornblower to raise the rates from under $19 to $28. The fee is broken out into components so the NPS would get a $1 per ticket. That would remain the same. There is a fee for audio which would be increased from $3 to $8 under the proposal and the bulk of the increase would be around transportation. Superintendent O'Neill committed to letting the Port know when the process gets underway. We have spoken to Supervisor Peskin who is also very concerned about the rate increase and is considering a possibility of holding a hearing to discuss the implications of such a rate increase and hopefully look at lessons learned when the City tried to increase the trolley car rates and how that was not necessarily good for business.

- Barbara Taylor Show – On Thursday, October 26, 2006, she will be appearing on the Barbara Taylor show. It tapes on Thursday and will be aired on Friday. Unfortunately, she will be seeing Ms. Taylor right after the state of the city address by the Mayor. Hopefully they will be able to stay on the topic about the Port, not the City.

- Rodney Fong's Confirmation – On the Board of Supervisors' agenda this afternoon is Rodney Fong's confirmation to the Port Commission. We hope that by the time we're finished with this meeting, that action will be taken and he will be able to join us at our next meeting on November 14, 2006.

- Commendation for Commissioner Wilfred Hsu: Ms. Moyer indicated that today is the last meeting where we will have the benefit of Commissioner Hsu on the Commission. He was appointed by Mayor Willie L. Brown, Jr. in May 2003. Commissioner Hsu has also served on the Human Rights Commission. He was the co-chair of the Chinatown Neighborhood Association and he's on the board of the California International Relations Foundation which is an entity comprised of members of the California State Senate and business partners in an effort to increase trade with foreign nations. That has had a great benefit to Commissioner Hsu's participation. The Board of California National Relations Foundation has been great for the Port since it enabled many foreign visitors to come and learn about the Port and to appreciate the role that we play as both an economic engine for the city but also a recreational and a place of public open space. She thanked Commissioner Hsu for his dedication of public service, not just to the Port but also to the city at large. She hoped that he will continue to bring foreign dignitaries to the Port and continue to provide counsel to members of Port staff. In executive sessions, Commissioner Hsu has been incredibly contributory in many of the tough negotiations we've had not just on the development side but also on the leasing side. Many of the changes in our policies and practices have originated from some of his ideas and knowledge. We are very grateful for his efforts and he will be sorely missed.

  Commission President Ann Lazarus read the proclamation for Commissioner Hsu into the record and wished him well.

Whereas, Wilfred Hsu was appointed to the San Francisco Port Commission by then-Mayor Willie L. Brown, Jr. in May 2003, serving dutifully for four years of which he served as President of the Port Commission in January 2004 and in January 2005; and

Whereas, Wilfred Hsu has served on the San Francisco Port Commission for four years and has taken leadership roles in the Port's waterfront development efforts; and

Whereas, Wilfred Hsu has also served on the San Francisco Human Rights Commission and has been an advocate for human and civil rights in San Francisco for many years;

Whereas, Wilfred Hsu has been the Co-Chair of the Chinatown Neighborhood Association in San Francisco, a non-profit organization of community activities to promote business and cultural awareness of the Chinese community to other communities in the Bay Area; and

Whereas, Wilfred Hsu has served on the Board of the California International Relations Foundation, which organizes programs to facilitate exchanges between the California Senate and foreign governments to strengthen California's economic and cultural relations throughout the world; and

Whereas, Wilfred Hsu has dutifully served on the San Francisco Port Commission and participated in reviewing and influencing the finance and real estate agreements of major waterfront projects including the Piers 1½, 3 and 5 Preservation Project; the Bryant Street Pier Cruise Terminal; the Piers 27-31 Recreation Project; Rincon Park Restaurants and other waterfront projects; and

Whereas, by serving on the San Francisco Port Commission, Wilfred Hsu has unselfishly dedicated himself and brought a keen business perspective and institutional knowledge of real estate development and property management to the discussion of Port projects and issues that will shape the future of the San Francisco waterfront for the people of California; and, therefore, be it,

Resolved, that the San Francisco Port Commission declares and expresses its heartfelt thanks and appreciation to Wilfred Hsu for his invaluable and lasting contributions to the quality of the San Francisco waterfront during the years of May 2003 through October 2006.

Commissioner Hsu indicated that it has been his privilege to serve with his fellow Commissioners and everybody at the Port. It has been a very impressionable period for him to have contributed his time to the well-being and business of the Port. He has learned a great deal from everybody including the public.

Commissioner Brandon indicated that she has enjoyed the last four years working with Commissioner Hsu, sitting next to him and dealing with all the real estate negotiations and learning a lot from him. She appreciated all his efforts and for him being here.

Commissioner Lazarus indicated that whoever writes the resolution does such a great job. They always capture the essence of everyone. She seconded everything that she read because it reflects Commissioner Hsu's tenure and contribution on the Commission.

Commissioner Hardeman thanked Commissioner Hsu for all the wonderful information he has given him mainly about the Chinese culture and other things. Their interchange about San Francisco, its politics and history, has been wonderful. One of the best things that he will always be grateful to Commissioner Hsu was talking him into going to Shanghai for the worldwide conference in 2005. It was the biggest eye opener for him as he has never been to Asia. He has always tried to leave the travel budget for Port staff. Even though he has visited a lot of ports and attended a lot of conferences, he has not billed the Port. As it turns out, the City of Shanghai picked up his hotel bill. He stayed at the nicest hotel in town but when he checked out there was no bill. They had a wonderful time. Commissioner Hsu showed him the sights in Shanghai. He was able to spend a day going to the new Dung Hai Bridge which is 15 miles out into the China Sea. That was an eye opener because four years prior to them arriving for the convention, somebody said that with all the deep draft ships that hold 12,000 containers, they don't have a facility to handle it. Somebody had a vision to go out into that island and build a huge terminal out there. Four years later, he was on the bridge. It had just been completed. He tried to go up the hill to take pictures of the terminal; two lanes each way on the bridge. It took five pictures to get most of it in. He fell in love with the people and the culture and the different lifestyle. He was able to see the ancient town, which is the city where they've lived the same way in 2800 years. He was totally amazed. They were treated like royalty. Commissioner Hsu had something to do with it as the President of the Port Commission. It was a fantastic trip. He was thankful for that and the friendship he developed with Commissioner Hsu. He has developed a friendship more with him than any other commissioner. He has sat on the Commission for almost 12 years. He will miss sitting next to him. He is always open-minded and asking him questions. He will miss seeing him driving around in his silver cars.

4. CONSENT

A. Request approval to enter into a license agreement with Delancey Street Foundation for the Christmas tree lot located at Pier 30/32 at a rental rate below that which was approved by the Port Commission in 2006. (Resolution No. 06-76)

ACTION: Commissioner Hardeman moved approval; Commissioner Hsu seconded the motion. Three of the Commissioners were in favor; Commissioner Brandon recused herself from voting on this item. Resolution No. 06-76 was adopted.

5. MARITIME

A. Informational Presentation on Proposed Lease with the San Francisco Bay Bar Pilots (SFBP) for Pier 9 located at Embarcadero and Broadway.

Peter Dailey, Deputy Director of Maritime, indicated that the San Francisco Bar Pilots are the oldest continuously operated private enterprise in California. They started in 1835 by Captain William Richardson to whom Richardson Bay is still named. In 1848, the first act of the then new California Legislature was to give administrative sanction to the Bar Pilots to be put underneath State control and jurisdiction. There are approximately 60 pilots. Bar Pilots play a vital role for the safety of San Francisco Bay. They greet ships 20 miles out of Golden Gate Bridge, board ships at all times, day and night and have expert knowledge of the local waters of the San Francisco Bay, Stockton, Sacramento and Monterey Bay. They work closely with the shipping companies, tug companies, and the U.S. Coast Guard and they deliver the ships safely and on time with oil tankers, passenger cruise ships and container vessels. The pilots are under a lot of responsibility. They have been working at the Port of San Francisco since the port was a port. They currently lease about 45,000 s.f. of property at Pier 9. In 1989, the SFBP leased unimproved warehouse space at the end of Pier 9 and made significant investment to the premises by constructing office, dispatch and member accommodations. Their lease expires in 3 years. Port staff and SFBP executive staff have been in negotiations for a couple years now to hammer out a deal to make sure they stay in San Francisco. Both parties have agreed upon the terms as outlined in the staff report for a lease at Pier 9. This item will be brought back to the Commission in November or December for approval. The basic terms of the proposed agreement are: The premises are located at Pier 9 with 19,718 s.f. of office space; 20,088 s.f. of shed and storage space; and 14,342 s.f. of apron space. It's a 15 year lease commencing in January 1, 2010 and ending December 31, 2024. The base rents will be adjusted 3% annually. The monthly base rent will be approximately $100,000 or $1.16 million per year. The rents will be adjusted every five years based on market rents. The agreement acknowledges the tenant's excellent history of maritime tenancy at the Port and offers them a 20% discount off the market rate for comparable space for the first two five-year periods. For the last period of the lease, the rate adjustment is not explicit in the agreement. The use remains the same. There is one issue regarding apron repair. There was some apron repairs done in 1992 with the bar pilots and the Port but were not done effectively for them to be able to handle the large equipment that needs to be brought out onto the aprons. As part of the current negotiations, the Port and the bar pilots are close to a new settlement agreement that will outline the responsibility to these costs, probably splitting of the cost 50-50 after which time, the bar pilots will have all the responsibility going forward for the maintenance of the facility and the premises that we repair. This is exciting news for the Port. A number of people were involved in the negotiations and he acknowledged them for their efforts: Monique Moyer, Tina Olson, Phil Williamson and Captain Bill Gregg, President of the Bar Pilots, Kenny Levin, the business manager of the Bar Pilots and incoming president Pete McIsaac. We have a good deal; it changes the current rent from $323,000 a year to $1.1 million. It's a fair deal for both parties.

Commissioner Hardeman indicated that he was delighted to keep the Bar Pilots at the Port.

Captain George Dowdle indicated that they have been one of the Port's dedicated maritime tenants for a long time. They are very pleased that they were able to reach an agreement with the Port. He appreciated the work of Peter Dailey and his

colleagues in helping them get this lease taken cared of. It allows them to continue to focus on a day-to-day operation of just moving the ships safely in and out of the Port. They were glad to make it happen.

6. PLANNING & DEVELOPMENT

A. Request approval to extend the Term by 60 days of the Amended and Restated Exclusive Negotiation Agreement ("Amended ENA") with SF Piers LLC for the Piers 27-31 Mixed-Use Recreation Project; Request approval to execute Second Amendment to the Amended ENA extending the Term and Certain Benchmark Deadlines (Site Location: The Embarcadero between Francisco and Battery Streets) (Resolution No. 06-77)

Kirk Bennett, Manager Waterfront Development Projects, on behalf of the Planning and Development staff, extended their appreciation to Commissioner Hsu for the input and guidance that he provided them over the past years.

In March 2006, the Commission approved the assignment of the ENA and development memorandum for the Piers 27-31 Mixed Use Recreation Project from the Mills Corporation to SF Piers LLC (Shorenstein Properties & Farallon Capital Management). At the time, the Commission also amended the ENA, extending the term of the agreement to September 30, 2006 to allow time to negotiate & for the Port Commission to endorse the revised Development Memorandum. The Commission also established new performance benchmarks

However, as discussed in previous meetings, as part of the due diligence conducted by Shorenstein/Farallon, they discovered significant additional work required to repair & seismically upgrade pier substructure plus they identified a large escalation in construction costs. The increased substructure costs alone over those estimated by Mills amounted to almost $70 million.

As presented by the developer and looking at the numbers, they agreed that this made the project infeasible as Public Private Partnership project without a substantial infusion of public funds in addition to the private funds that the developer was prepared to invest. This delayed submittal by Shorenstein/Farallon of its revised proposal for the Piers 27-31 Mixed Use Recreation Project.

These conclusions were consistent with the Port's recent experiences:

Last year, the International Museum of Women abandoned the proposed redevelopment of Pier 26 due to pier substructure & repair costs.

This year the development of Bryant Street Pier/Cruise Terminal Project was abandoned by Lend Lease due to costs to repair & upgrade the Piers 30-32 substructure despite:

- 8 years of predevelopment work;
- Improved commercial leasing market; and

- Set aside of excess profits from the Watermark Condominium which was reserved by the Port. They exceeded expectations but nevertheless they couldn't make this project work.

Exploratorium at Pier 15-17. We recently entered into a Term Sheet for Piers 15-17. The Term Sheet provides over 30 years of rent credits with no base rent to the Port to offset just substructure repairs costs (not seismic upgrades).

- It's noteworthy that this was a non-profit organization investing to carry out its mission & its programs. It was not seeking a financial return on its investment.

- The deal only worked because Exploratorium is a non-profit & the Port was willing to forego rent from the property. This is not a sustainable or a model that could be duplicated for the Port as a self-supporting enterprise agency.

Finally, these findings that were identified in Piers 27-31 are consistent with findings leading up to the Port's Capital Plan which identified $1.2 billion of deferred maintenance & required infrastructure upgrades.

The Port was very fortunate with the first pier developments after the Waterfront Land Use Plan which was adopted in 1997. The substructure costs for these projects were less of an issue for several reasons.

Pier 1:

- It is one of the Port's newest historic piers;
- It had a relatively high density of high rent paying commercial uses;
- Construction started in 1999 - before rapid run-up in construction costs

Ferry Building:

- Different pier design;
- High density - high rent paying uses
- Construction started in 2001

Piers 1½, 3 & 5:

- Smaller, higher density project
- Projected top of market rents
- Still required the Port to grant 15 years of rent credits to reimburse substructure repair & upgrade costs. No rent to the Port during construction and minimal rent for the next 15 years

For all three of these projects, the ratio of floor area of commercial uses to pier deck area (FAR) = 1.3-1.6: 1 ratio. Compare to FAR ratios of 4:1 or more for projects across the Embarcadero, off Port property.

For larger piers, the FAR is lower. For Piers 27-31:

- FAR = 0.8 : 1, but this includes low rent paying recreational uses

- Ratio of commercial uses (office and minor amount of retail & restaurants)= is only 0.5 : 1

Thu, based upon his experience over the past 9 years with Public Private Partnership Projects on Port property, he believes that, except perhaps for special situations with smaller projects, the Port cannot expect historic piers to be restored and redeveloped through Public Private Projects without investment of public moneys to offset extraordinary costs to repair & seismically upgrade pier substructures. This is especially true for larger piers with extensive public access plus other expected public benefits from required inclusion of low rent paying uses. The repairs & upgrades to pier substructures create a platform upon which historic preservation and development programs can take place. In essence, this represents work necessary to make these Port lands which in the case of piers, submerged lands are able to be developed. This new reality has come into clear focus with the Piers 27-31 Mixed Use Recreation Project. The issue is how to respond to this new reality?

Over the past 4-5 months, Port staff & Shorenstein/Farallon, with assistance from public finance & real estate economic consultants retained by Port, have been working to identify an appropriate financial deal structure involving public financing.

The criteria for the financial structure:

- Must work for the Port.

    - Supporting, not compromising economic sustainability
    - Builds on existing financial transaction in the existing Development Memorandum.

- It could not create a financial burden on the City nor the State. The Port is the trustee for State Lands.

- It must make the project financially feasible as Public Private Partnership Projects attracting investment of private funds necessary for Pier 27-31 to be restored, reserved and redeveloped.

Mr. Bennett was pleased to report that Port staff & Shorenstein/Farallon have negotiated successfully a basic framework of financial structure that meets these criteria. However, additional time is necessary to work through details of financial structure & other aspects of the project.

These negotiations based upon the existing Development Memorandum will lead to a Term Sheet which staff will bring to Port Commission at a future meeting,

hopefully, as early as the November 14, 2006. If endorsed by the Port Commission, the Term Sheet will then go to the Board of Supervisors for the endorsement of the Term Sheet & a finding that the project is fiscally feasible & responsible.

Therefore, Port staff recommends that:

1. The amendment of the ENA which includes a 60- day extension of its term through December 31, 2006; and

2. Extension of the performance benchmarks as outlined in the Staff report.

With the agreement between Port staff & Shorenstein/Farallon on the basic financial structure, Shorenstein/Farallon submitted its proposal to the Port today. The proposal consists of:

- Proposed plan of development, including site plan, use program and their financial proposal;

- It includes a Development schedule and

- Trust consistency & regulatory approval strategy as required in the Performance Benchmarks.

Port staff has not had the opportunity to review this proposal. Therefore, staff will not be commenting on this proposal at this Port Commission meeting. However, the developer will publicly present its proposal as the next agenda item of this meeting. This will be a separate informational item with no action to be taken by the Port Commission on the proposal at this meeting.

The recommended action by the Port Commission today is limited to extending the ENA and the amending performance benchmarks to the ENA.

Ernestine Weiss indicated that based on the statements that Mr. Bennett mentioned, she requested that the Commission approve this item especially in light of all the problems they've had with the other piers. This is a sound proposal

ACTION: Commissioner Hardeman moved approval; Commissioner Hsu seconded the motion. Three of the Commissioners were in favor; Commissioner Lazarus recused herself from voting on this item. Resolution No. 06-77 was adopted.

B. Informational Presentation by SF Piers LLC of its proposed development plan and its financial proposal for the Piers 27-31 Mixed-Use Recreation Project.

Kirk Bennett, Manager of Waterfront Development Projects, introduced Tom Hart and Todd Sklarr, representing the Shorenstein Properties and Farallon Capital Management. They will be presenting SF Piers LLC's revised development plan for the Piers 27-31 Mixed Use Recreation Project.

Tom Hart, Shorenstein Properties/Farallon Joint Venture, acknowledged members of their team including SMWM Architects, Paul Hodges, development consultant as well as Cary Riter of City Beach, recreational operator. He expressed his appreciation to Director Moyer and Port staff: Kirk Bennett, Jennifer Sobol, Byron Rhett, Tina Olson and many others, who have worked long hours with them in trying to meet the challenge of this project where almost $150 million worth of underside repairs have to take place on those three piers in order to repair, seismically upgrade and rehabilitate the historic buildings. They proposed this project. It will also include a cruise ship terminal for the port of call and ceremonial berthing much as it is used today by the Port. It will provide more than 35% of open space and about ten acres of recreation. The economic engine for this project is office. Of all the real estate uses that can be used to generate rents that will support the investment in this type of development such as retail but it's been recognized that neighbors don't want significant retail or a mall. Residential is readily recognized that is the ultimate non-use of State-trust lands. By Proposition H and by City Charter, hotel is a prohibited use. That leaves office and industrial uses in the area. Currently, it is used as light industrial which can be continued if desired. Office is the only economic engine to be able to support what needs to be done. They will propose uses that will be in the aggregate consistent with trust use, provide the mixed-use recreation project, open up to the public, to the people of San Francisco for affordable recreation and to be able to return this part of the waterfront to the people. Todd Sklarr will present the uses and the financial plan.

Todd Sklarr indicated that Cary Riter is the founder of City Beach and they have gotten far along with City Beach for their recreational operation. When they come back next month, they will be able to describe the recreation in a much firmer way. The overall picture is what they are here to discuss. In brief, the buildings are centered on two large open spaces. Piers 29 and 31 wrap around the open space of the basin and on the other side, currently the valley parking, their proposal is to cover that with a new recreation sports deck and blend it into a continuous open space with the northeast wharf plaza. That would comprise about 4 acres of open space, contiguous with all these development. They've discovered that they have many constituencies on this project, not the least of which is the Port. It's become very clear to them that the need for cruise ship and ceremonial ship berthing is of first importance to the Port. They've worked out a way of handling that operation. It will include some of the stripe space where the number 27 is inside of the existing Pier 27 shed to allow for the staging of passengers and baggage as part of the port of call operation as well as staging of some busses and taxis. In addition, they are anticipating the water taxi. When an operator is identified, they are going to participate with the landing, either at the top or bottom end of Pier 27. In addition, they are looking at the possibility of Pier 31 being used for some sort of a maritime agency. They are currently talking with some of those agencies. The heart of this proposal is recreation. That is what the people of the city of San Francisco are looking for in generating the RFP so many years ago. The idea they have is to wrap that recreation around the basin at Piers 29 and 31, keep it close to the Embarcadero where it is readily accessible and to frame the upper recreation plaza with a field house in Pier 27, which has the shared space with the cruise ship port of call staging. The two-acre space raised over the parking would be available for soccer, softball, flag football, lacrosse, field hockey, outdoor volleyball, frisbee and performance events. The idea is that it's not part of making a

return on this investment. This will be offered to the community at a very low subsidized rate that will cover the cost of management, scheduling and equipment. They will make it available to school groups at even deeper discount. Inside Pier 27, which will be truncated, they will preserve it unlike the Mills project. They are going to truncate it in order to let the northeast wharf plaza spread out in the plan that was previously approved by the city. On the end of Pier 27, they are going to wrap that in glass, make those operable glass doors and place a climbing gym with rock walls and a rope course. In his conversation with Byron Rhett, he suggested that it will be a raised space with the rock background, may be there is a way to use that for informal performances as well. They will be looking into that as a possibility. Further up in Pier 27, they are going to be treating that as an indoor field house that will be used for volleyball, basketball, floor hockey and fitness. They are looking at several different kinds of recreation occurring on Piers 29 and 31. They have been looking at indoor soccer and table tennis and badminton. This may be placed in Pier 29 or Pier 31. They are fairly certain that there will be substantial bowling operation as well. The City has a market for it. That will all be intertwined with special events center. They have cut back on the meeting and special events area by more than half compared to the proposal they showed in August. By wrapping around the basin, they are going to create another public space composed of a terrace café, bocce ball, water play, shuffle board, etc. Their idea is to get people into the bay with a European style floating pool. They are still doing some research on this but they are very hopeful about it. If it turns out not to be feasible, they are going to provide a pool inside the piers. Similarly, they are going to provide wave attenuation and moderate docking for kayaking, outrigger canoes and dragon boats. There will be rentals and instructions for those activities. They are looking at the idea of having bay swimming, directly in the bay with lanes. Unlike the prior proposal which was retail based, they've cut back on the retail significantly. They are going to limit that to somewhere between 25,000 to 50,000 square feet. They are going to make it all recreation oriented that would consist of recreational equipment rentals, something like REI and outdoor store and they are going to try to get a marine retailer as well. They will be relocated directly on the Embarcadero, having their entrances from the big arches.

The economic driver of this project is office space. The idea is to create new office space at the ends of Piers 29 and 31, similar to the Port's own offices at Pier 1, which would be three story Class A office buildings. The developer will occupy half of that space. They anticipate it being the best office space in the city. Offices at the ends of the piers, recreation wrapping around the marine basin and on either side of the upper plaza which is continuous with the lower northeast wharf plaza. From an urban design point of view, they are going to provide three new view corridors across the bay that does not currently exist: Lombard Street along the length of Pier 29 and through the middle of the head house at Pier 29 ½. They are going to clean up the traffic situation. There are currently 11 curb cuts across the sidewalk and the length that this project takes up. They think they can reduce it to two. They can provide queuing space off the road which will be a big improvement compared to the situation that exists today.

In terms of open space, Tom Hart already mentioned how much open space areas will be created. It will comprise of the northeast wharf plaza contiguous with the upper plaza recreation, a new waterfront plaza at the end of Pier 27 and the marine terrace looking out over the pool and the marine basin.

Lastly, this is not just a recreation project but a re-creation project. There are historic buildings. They commend the Port on its success in getting the recent historic designations. They recognize that they have to adhere to the Secretary of the Interior Standards and they intend to do just that. They are glad to have SMWM on their team to provide the same skill in dealing with these unique buildings as they did at Pier 1.

The gross development cost is approaching half a billion dollars. They will eventually be reimbursed in two forms: (1) Historic tax credits that come from the adherence to the guidelines subject to State Historic Preservation Office's (SHPO) approval and approval by the National Park Service. It is a reimbursement that occurs after they've completed the project and occupied it. (2) Tax increments and bonds which would be reimbursed. The net development cost to them would be somewhere in the neighborhood of $350 million. The partners will, at any point, have as much as $115 million of their own money in this project. They are doing this project at some considerable risks. As the Commission is aware from its many projects, there is always something to be discovered on the site and it seldom results in costing less. The construction market has been very erratic over the past five years. There are some risks that they are assuming with the escalation and they have to recognize that they have more regulatory hurdles on this project than any other project they can think of. That combined with the potential for interest rates or falling rental rates present a dicey prospect to them. They want to do this project. They will proceed with a model which compared to a typical high risk project which if this were an institutional investment might be figured for an internal rate of return (IRR) of 20% or compared to the Mills Corporation's proposal which project an IRR of 18.5%, they think they can make it work at about 10%. They are kind of discounting the return in order to get this project done.

The elephant in the room is the cost associated with the rehabilitation of the piers. The situation is not just in San Francisco but anywhere in saltwater there will be rust. It may take 10-20 years but the rust develops. As the steel expands from the rust that cracks the concrete and the concrete falls off, i.e. spalling, as more of the steel is exposed, that area grows geometrically as more parameters are created. They are not faced with a position of figuring out how much it's going to cost to repair that. They had an expert team of marine and structural engineers and marine contractors go under the piers. They made an assessment of the 11 different engineering increments and developed some estimates about how much repair work is necessary at the deck, pile caps, beams and piles. They coordinated that with a study of what it would take to retrofit the piers to current seismic standards. Roughly 200 new piles are going to be required and 50 new pile caps along with all the rust repair work. In putting together their estimate, they came up with a number of $145 million escalated through 2008 at the time of bid. They compared that to the Mills proposal and escalated it at the same rate and found that their cost is double of what Mills had anticipated. When they looked at this as a development project, as a construction project that is occurring on top of a site and think of it in terms of what the site is costing them, they compare it to a typical financial district, downtown location wherein they might pay $125 per FAR per entitled square foot of building area. Their impression is that the Mills Corporation proposal for this area was approximately $110 per square foot to obtain the site. When they worked through their math, they found that the $125 turned out to be $215 per square foot of building area. It's

breaking the bank on the project. Most of the four months, they have been discussing very earnestly in a very productive discussions with Director Moyer and her staff how they are going to handle this. The overall approach and the overall result to the Port is that they are proposing that the Port receive $415 million in rent over the life of the leasehold. It will vary with the rate of inflation. The mechanism would be CPI indexing at 5-year intervals over the life of the lease. The rent terms are the same as they were for Mills i.e. $1.2 million base rent with $1.2 million rent credit that will be limited to a 30-month construction period. During the occupied period, the base rent would start at $2.4 million. It would be credited at $1 million for the first ten years of operation. The CPI increases which start to kick in the sixth occupied year. The net rent to the Port over $400 million through the life of the lease.

The big idea is that as they transform the buildings from their current condition to a finish development, they also get the advantage of paying higher taxes which is in the neighborhood of $4.5 million a year. The basic idea is that to take that money that would not be paid as taxes otherwise and to use that to finance some bonds i.e. tax increment financing based on what would be their possessory interest tax. They could use that tax increment at no cost to the Port, to the General Fund or to the taxpayers of the City of San Francisco. This is all coming from the taxes they will pay to finance $60 million in Port revenue bonds and Mello Roos funds. If the Port Commission approve this proposal, which they will bring back in a formal form of a Term Sheet or Development Memorandum on November 14, 2006, they are prepared to go ahead and they will look for endorsement by the Board of Supervisors in January next year. They are hoping to go with the Port's support and the Supervisors' support and obtain trust consistency early in the spring of next year. That will put them in a position to transform these 20 acres for occupancy that could begin as soon as the summer of 2010, final occupancy occurring as early as January 2011.

Tom Hart concluded that by law, they are limited in using only a portion of the tax increment that is generated by this new project. It's not the whole amount. Secondly when Kirk Bennett talked about public financing, that is the term describing the process rather than the public financing. What it really means is that they will pay the Port $2.4 million in rent and the Port will give them a dollar back. It's their money that they are getting back. Notwithstanding that, they are still paying rent during the early years of occupancy. They spent significant resources and time to date in trying to understand this project. They do understand it. It is their business but for being headquartered in San Francisco, but for being able to move their offices there, they will pledge to the City that they will do this project right and do it in a quality manner. They will provide the first-rate active recreational opportunities for the City. This is part of the waterfront. It belongs to the people and they will be good stewards over that

Frederick Allardyce, President of the Barbary Coast Neighborhood Association, indicated that he's sorry to see Commissioner Hsu go. He has been most entertaining. Without a doubt, he has been very important to the success of the pier and to all the things that have been accomplished. He also thanked Monique Moyer for getting this project this far. He thanked the Shorenstein/Farallon group for coming forth to rescue the city in the creation of something that appears to be finally popular with the neighborhood and the citizens of San Francisco in its preliminary presentation. They

have one request. Before the November 14 Port Commission vote on the extension of these term sheets, they'd like to request a public forum that would allow the Shorenstein group to present a larger question-and-answer session with the neighborhood community about their intentions and go over the specific issues that they're concerned with without the time constraints of this type of a meeting. They will be happy to facilitate that meeting. Mr. Hart already suggested that they will be able to meet with some of the neighborhood groups. He asked that to be formalized as soon as it is convenient for all parties.

Joe Boss indicated that they are sorry to see Commissioner Hsu go. He supports the Shorenstein/Farallon approach, two excellent San Francisco companies who certainly will do it right. The only thing he asked is that they do outreach beyond the immediate neighborhood. He is stuck in the dogpatch neighborhood which is very close to the Central Waterfront which is a big development area. Some of the tools that they used for Piers 27-31 could be used for the central waterfront or they could impact what could be used for the central waterfront. He invited them to do a little outreach on the southeast corner of San Francisco. He encouraged the Commission to approve the extension. This is obviously quite complicated but it is being done in a very refreshing way which wasn't the situation before.

Kirk Bennett indicated that the Northeast Waterfront Advisory Group meeting is scheduled on November 1, 2006 at 5 p.m. This item will be presented at that time. They will provide the opportunity for the community to express their comments and concerns. There will be other meetings scheduled as well.

Commissioner Brandon asked if there is a community outreach plan in place that is going to cover all the citizens of San Francisco or the various community groups. Kirk Bennett replied that it has been submitted by Shorenstein. Mr. Hart added that plan has been written and was previously submitted to Port staff. They have meetings scheduled with a number of groups in preliminary outlining some of their ideas. This is in fluid and motion and they welcome working with the Barbary Coast neighbors. They will try to set up a separate meeting with them. The outreach plan is in place and working.

Commissioner Brandon suggested that when they come back to the Commission in November, they should attach a list of the groups they plan to talk to within the next six months to a year. Mr. Hart agreed that they will provide a list to the Commission of the people or group they've been meeting or working with.

Commissioner Hardeman complimented Mr. Bennett, Mr. Hart and Mr. Sklarr for their presentations. He does not know if the developers have to do outreach in the western part of the city. There's not one person that he talked to in that area that was not for the original project. That's probably because traffic will not be impacted in that part of the city. He talked to Supervisor Sean Elsbernd about a year ago and he said that the polls were off the charts. The western part of the city loved this project before and they will love it more now. The developer would probably like to go out there and find out for themselves.

Commissioner Hsu indicated that this is the last item that he touches before his term ends today. He is glad that this is the last project that he touched upon because it looks very promising. Looking at their presentation, it looks like a simple project. If you want a cow, you build a cow. If you want a horse, you build a horse. If you want an office, you build an office. Don't disguise it as anything else because the public will find out and they will think that they you are lying to them. They will oppose the project as the last developer experienced. Looking at this site, he thought that the only people that can successfully build a project on this site are users as this is the case. The developer has been very forthright in saying that it needs an economic engine, an office that makes the project feasible. Although it may not be as financially promising as other projects they may embark on but having in mind that they will occupy most of the office component makes it worthwhile for the developer. This is going to be a great success. He wished them luck. He will be monitoring their project through the newspapers.

Commissioner Brandon understood how much the developer will pay the Port in rent but she was not clear how much rent credits the Port will provide. Mr. Hart replied that the tax credits for the historic rehabilitation are federal tax credits. For the rent credits, the rent as negotiated was $2.4 million annually beginning in the first occupied year. During the first ten years, there is a rebate or a return of $1 million of that in rent credits to them. Effectively, they will be paying $1.4 million in rent during the first five years and then the CPI starts adjusting on the gross amount.

Commissioner Brandon asked what the total rent credits would be. Mr. Sklarr replied that the exact amount will vary with the inflation rate that kicks in the CPI. The estimated rent credits will be roughly $9.5 million over the first ten years of occupancy. Commissioner Brandon reiterated that it will be approximately $1 million a year in rent credits. Commissioner Brandon commented that she is very excited and looking forward to this project. We have been waiting a long time for a wonderful recreation project. As Commissioner Hsu mentioned, the developer has to have an economic engine to be able to afford all of the recreational space and venues that they will develop. She looks forward to November 14 and seeing the final outcome of this project.

Commissioner Hardeman noted that not only is the developer providing a berth for the cruise ships and offering ceremonial space at Pier 27 but they also have a space set aside for a terrific terminal.

7. ENGINEERING

A. Request authorization for staff to enter into Master Contracts with three firms for As-Needed Construction Support Services, for a three-year term, each in an amount not-to-exceed $500,000 with: (1) Maritime Construction Management Coalition (Resolution No. 06-73); (2) BDI/ECS Joint Venture (Resolution No. 06-74); (3) AGS/LEE Joint Venture (Resolution No. 06-75)

Norma Nelson, Contract Administrator, indicated that the amount authorized by the Civil Service Commission for these services is $1.5 million over a three-year period.

None of the contracts are guaranteed to receive the entire $500,000; it is recommended as a not-to-exceed amount. The services provided under these contracts are subject to funding availability, City staff availability, and responsiveness to the Port's contract service order requirements. The Port Commission at its July 26, 2005 meeting authorized staff to issue a RFQ for As-Needed Construction Support Services. On August 30 2006, the RFQ was issued with a DBE goal of 20% as determined by the Port's HRC Compliance Officer. They held a pre-submittal meeting on September 20, 2006 that resulted in 4 teams responding to the RFQ which was due on October 2, 2006. They convened a six-member panel selection committee which includes three Port employees plus staff members from the San Francisco International Airport, the San Francisco Department of Public Works and the Port of Oakland. They reviewed all the submittals and decided to interview all the firms that responded for an interview. The firms responding to the RFQ included: 4LEAF, Inc, AGS/LEE Joint Venture, BDI/ECS Joint Venture and Maritime Construction Management Coalition (DBE Joint Venture with Parsons). The selection committee conducted the oral interviews on October 12, 2006. After completing the interviews, the committee decided to recommend three teams based upon the quality of firms competing and the extremely close scores. The final scores were based upon a combination of their submittal as well as their interview score and they weighed equally during the final determinations of firms to be recommended for contract award. The HRC contract compliance officer reviewed all the submittals including the HRC documents and determined that all the firms responding to the RFQ met the 20% DBE subconsulting goals. With the final ranking which included HRC incentive credits or bonus points that are added to the scores on top of the raw scores that is determined by the selection committee, it was determined that the firms ranking were: (1) Maritime Construction Management Coalition; (2) BDI/ECS JV; (3) AGS/LEE JV. The fourth firm that interviewed was not recommended for a contract award.

Maritime Construction Management Coalition is a Joint Venture of Parsons Water Infrastructure, ARA Engineering Group and Acumen Building Enterprises. All joint venture partners are DBEs except Parsons. Parsons is not affiliated with Parsons, Brinckerhoff, Quade and Douglas. Parsons Water and Infrastructure is one of the business units within Parsons Corporation. The company has a net worth in excess of $300 million with over 9,000 employees. They have a number of industries and business sectors that they are involved with. Services offered in the transportation field include a complete range of master planning, design, engineering and construction management services for light and heavy rail, highway and bridge projects, parking and maintenance facilities, airport development, expansion and various other infrastructure related assignments. Their Port experience includes maritime projects around the globe. Its California ports experience includes the Ports of Oakland, Los Angeles and Long Beach. Specific experience with the Port of San Francisco culminates with its acquisition of Primus Industries, formerly a San Francisco based consulting firm. Primus Industries was previously owned by James Jefferson whose firm provided construction management services to the Port in connection with the Ferry Terminal construction and several other wharfside port facilities. These services included contractor related issues such as Request for Information, negotiation and claims resolution and on-site project manager.

ARA Engineering Group is certified by HRC as a DBE firm. The principal is Ali Altaha. The firm was formerly based in Mission Viejo, CA under CZP Inc. with Rowena Altaha as President. The line of business is listed as construction management and civil engineering.

Acumen Building Enterprise, Inc. has offices in San Francisco and Oakland and provides program and construction management, project control, cost estimating, scheduling, document control and information system development. It is certified by HRC as a DBE firm. Acumen was established in 1994 in the consulting services line of business with a staff of 18 employees.

Business Development Inc. and Environmental Construction Solutions teamed to form the BDI/ECS Joint Venture. Both partners are DBEs. BDI was established in 1979. Calvin Hayes is the president. The firm employs 15 staff with sales of over $3 million. Most recently, BDI has provided support for the Port of San Francisco's Illinois Bridge South Approach Project. BDI oversees all inspections.

Environmental and Construction Solutions was established in 2002 and has 12 employees with gross revenue at $1 million in the line of business as consultant. ECS is certified by HRC as a DBE firm with a San Francisco business address.

AGS, Inc. and LEE Inc. teamed together to form the AGS/LEE Joint Venture. Both firms are DBEs. AGS was incorporated in 1983 and currently employs over 20 staff. They have annual sales of $3 million with a San Francisco business address. AGS indicated that they own their own equipment, soil testing laboratory and extensive computer capabilities. They also have an in-depth and broad consulting experience in construction management in administration and a number of disciplines that are related to the scope of services in the RFQ.

Lee Inc. is a DBE firm. They provide engineering and construction services to public and private sector clients in the bay area. They have 20 employees and an office in San Jose and it was founded in 1976 by Dr. Ellen Lee as the president. They are certified by HRC as a DBE firm.

There are general scopes of work that we anticipate. Staff wouldn't be able to identify all of the scope of work because this is an as-needed contract. Generally, some of the required work includes construction inspection or field inspections, specialized sampling and testing of materials, office engineering, quality assurance, critical path methods of scheduling and analysis, claims analysis, and constructability analysis. All of the contract service orders (CSO) which is the method by which work is secured and assigned under these contracts will be issued only with the written authorization of the chief harbor engineer. Staff will be requesting informal Request For Proposals from those firms approved by the Port Commission so that we will get competitive proposals to ensure that the prices are reasonable and everyone gets a fair opportunity to participate in the process. Staff is also requesting the Commission's authorization to issue CSOs in an amount not-to-exceed $200,000. Staff will request Commission's approval if it exceeds over $200,000. Ms. Nelson reiterated her request for Commission's approval to authorize staff to award the contracts in the amount not-to-exceed $500,000 to each of the three highest-qualified firms for as-needed

construction support services over a three-year period with the option to extend each contract an additional year beyond the three-year term.. She also asked for Commission's authorization for staff to issue CSOs up to $200,000.

Commissioner Hardeman commended Ms. Nelson for her presentation of the three difficult items.

ACTION: Commissioner Brandon moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; Resolution Nos. 06-73, 06-74 and 06-75 were adopted.

8. NEW BUSINESS / AGENDA SETTING

Ms. Moyer indicated that staff will bring back the Piers 27-31 item at the next meeting to memorialize the term sheet so that the developer can continue to meet the benchmarks under the revised milestone schedule. Staff is still working with the Entertainment Commission and the City Attorney on how to control or hold the control of the Port's property rights but yet work within the framework of the law for entertainment permits and late night permits. Staff intends to make an informational presentation to the Commission regarding the tenant improvement credits and tenant allowances policy. The Port previously had a rent credit policy which was then rescinded. It has been our practice to come to the Commission on a case-by-case basis which staff is comfortable with but we would want to have more formality about the kinds of credits the Commission would consider. Staff is still working on the environmental aspects of the proposal from Salt River to lease space at Pier 96. Per Commissioner Hardeman's request, staff will be bringing a resolution to the Commission to commemorate and support the City's Olympic bid. Another item of interest is that staff will be seeking the Commission's approval of the Abraham Lincoln Brigade Memorial. It was particularly important to Commissioner Bierman. Staff will present the work that has been done including approval by the Arts Commission as well as the final agreement. Staff will also be presenting a proposal by Firewood Café at 360 Jefferson Street. They entered into a 90-day ERN with the Port in August. As Peter Dailey mentioned, we hope to have the Commission approve the Bart Pilots lease. We are in negotiations with the Water Transit Authority for the north side of Pier 9. Previously, we were talking to them about the south side. It's possible that is now a parameter lease under a boilerplate lease. It may not need to come to the Commission but she will advise the Commission when we finalize the negotiations. The calendar is pretty full for the rest of the year. The Commission will be also be asked to approve the amendments to the bylaws with respect to the attendance policy as well as a proposal, as discussed at the last Commission meeting, to start the meetings at 2 p.m. and go into closed session and have a 3:15 p.m. designated time for the open session and then conclude in closed session if more time is needed. That way we can accommodate the balance between the public and the staff cost. We also discussed the number of meetings. Staff will probably recommend that we will stay with the number of meetings but be judicious about canceling meetings if the agenda doesn't warrant the expense, similar to what BCDC does.

Commissioner Lazarus confirmed that the once-a-month meeting will start at 2 p.m.

Commissioner Lazarus indicated that a few months ago, she raised the issue of recycling and the different types of garbage bins where one can capture the recyclable materials on top of the bins. She asked if staff will be making a presentation on this matter. Ms. Moyer thought that we had handled this issue and apologized that we hadn't. We did handle it at staff level but we didn't bring it back to the Commission. We will put it on the agenda.

9. PUBLIC COMMENT

Ernestine Weiss thanked Commissioner Hsu for his valuable input through the years. We will miss his guidance and advice. She is very sad to see the World Trade Club closing. However as one door closes, another door opens. She's looking forward to a terrific tenant to take over that space. She thought she had conquered the skateboarder situation at Piers 5 and 7 by removing the concrete benches; however, she did have a vision that the other slanted concrete pieces would cause a problem. The skateboarders jump off those things. They removed all the bars and they jump off the steps. She spoke to Dan Hodapp and that area will have to be redesigned. Something creative has to be done because there will soon be a restaurant nearby and it's not nice to have that on their face. The skateboarders are there all afternoon and sometimes in the late hours of the night. She also spoke to Sidonie Sansom and she said she would do something about it. The police cannot go out there. She has gone to that area many times. She had a sign put up but better signage is needed. She also spoke with the Arts Commission and they will think of putting concrete planters affixed to those slanted concrete areas that would deter the skateboarders from jumping. This is a very serious mater. The port security has to constantly walk around and make sure that those activities do not take place in that area.

10. COMMUNICATIONS

11. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Brandon moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

At 3:45 p.m., the Commission withdrew to executive session to discuss the following:

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative.*

a. Property: Piers 27-31
Person Negotiating: Port: Byron Rhett, Deputy Director, Planning & Development
SF Piers LLC: Tom Hart and Rocky Fried

12. RECONVENE IN OPEN SESSION

At 4:05 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Hsu moved approval to adjourn executive session and reconvene in open session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Hsu moved approval to not disclose any information discussed in executive session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

13. ADJOURNMENT

ACTION: Commissioner Hsu moved approval to adjourn the meeting; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

Commission Vice President Kimberly Brandon adjourned the meeting at 4:08 p.m.

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